

CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 12/20/05

AGENDA ITEM 8

WORK SESSION ITEM _____

TO: Redevelopment Agency Board Members
Mayor and City Council

FROM: Director of Community and Economic Development

SUBJECT: Adoption of the Annual Report of Redevelopment Agency Activities for
FY 2004-05

RECOMMENDATION:

It is recommended that:

1. The Redevelopment Agency Board adopt the attached resolution approving the Annual Report of Redevelopment Agency Activities for FY 2004-05 and present it to the City Council; and
2. The City Council adopt the attached resolution to receive and to authorize staff to file the Annual Report of Redevelopment Agency Activities for FY 2004-05.

BACKGROUND:

California Redevelopment Law requires that the Redevelopment Agency present a report to the City Council, and that the City Council review the report and take any action which it deems appropriate. The report is then filed with the State Controller.

The Agency's total tax increment revenue in FY 2004-05 increased from \$6.1 million to \$7.0 million, or 15%, over the prior fiscal year. The increase is reflective of increasing property values and development activity in the Downtown and in the Burbank and Mission-Foothill sub-areas. Approximately 50% of the tax increment is generated in the Downtown and the remaining 50% divided between the Burbank and Mission-Foothill sub-areas. The percentage of the tax increment generated by the two sub-areas relative to the Downtown is increasing over time as the sub-areas are larger and experiencing increasing property values, and over the long-term there are more opportunities for new development.

The Agency's expenditures from its capital projects and administrative fund were generally in line with the budget. The largest expenditure of \$497,480 was a special payment to the Education Revenue Augmentation Fund (ERAF) as a result of the State's directive that required redevelopment agencies to shift property tax revenue to schools and community

colleges. In addition, the Agency made annual statutory pass through payments this past fiscal year in the amount of \$279,102.

The major Redevelopment Project expenditures were for parking improvements for the Downtown and implementation of the Cannery Area Plan. Municipal Lot Two was expanded and renovated at a cost of approximately \$1.7 million and an additional deck was constructed on the parking structure across from City Hall at a cost of approximately \$3.5 million. In the Cannery Area, activities focused on the continued assemblage of land for the site of the new Burbank School, the expanded Cannery Park, and related street and parking improvements for these facilities. To that end, four more parcels were acquired at a cost of approximately \$1.9 million.

The Agency had other financial transactions which were reported as changes in fund balances. When the Agency acquired the site of the former Albertson's supermarket at the corner of B Street and Foothill Boulevard in 2002 for a cost of approximately \$3.5 million, it was classified on the Agency's balance sheet as "land held for resale." Subsequently, the Agency entered into a Disposition and Development Agreement (DDA) in July 2004 with a developer to construct the Cinema Place project on the property. Under the terms of the DDA, which was amended in May 2005, the Agency will retain ownership of the land and provide the developer with a ground lease for the site. Hence, the property was reclassified on the balance sheet as a capital asset. Lastly, the Agency sold the B Street Marketplace, which was built as part of the parking structure across from City Hall, for \$3.65 million, as compared to its original construction cost of \$2.2 million. As a result of the sale, the B Street Marketplace Center was removed from the capital assets fund.

The major expenditure from the Low and Moderate Income Housing Fund was the advance of \$1.1 million from a loan in the amount of \$1.75 to Eden Housing, Inc. for the Sara Connor Court (the remaining balance was funded during the current fiscal year). The development will create 57 units of affordable rental housing for low income households.

In addition to its 20% share of tax increment revenue, the Low and Moderate Income Housing Fund received revenue in the amount of approximately \$1.2 million as the developer of Renaissance Walk began making payments toward its \$2 million deferred land payment with proceeds from the sales of the units (the developer repaid the balance of the loan during the current fiscal year). The deferred payment was agreed to by the Agency as an incentive for the developer to construct 22 affordable housing units as part of the project. A discussion of the Agency's activities, including its efforts in support of affordable housing, is attached to the end of Appendix B as the Project Area Report.

An independent financial audit was conducted for the Agency as required by California Redevelopment Law, Health and Safety Code. The audit is a component of the Agency's Annual report and it is attached as Appendix A. The audit reported no exceptions in the Agency's financial reporting; however two findings were noted relating to compliance issues. First, there is a requirement that Agency provide annually a written determination that the use of funds from the Low and Moderate Income Housing for planning and administrative expenditures is necessary for the production, improvement, and preservation of low and

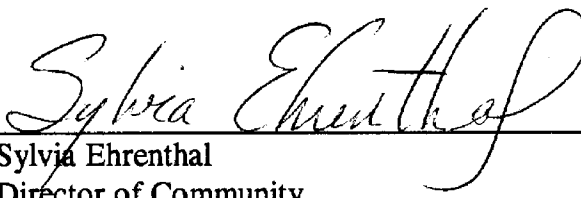
moderate housing. In future years, the Agency will include the determination with the adoption of the Annual Budget. Second, the Agency's updated Five Year Implementation Plan was due in September 2004. The plan has since been updated, and was adopted by the Agency Board on December 6, 2005.

Appendix D contains the Statement of Indebtedness, which the Agency is required to file each year with Alameda County and which provides the legal basis for the Agency to receive its tax increment revenue. The Statement includes all debt that the Agency has outstanding, including loans that the City made to the Agency during the early years of its operations when the Agency had very limited tax increment revenues. A significant portion of this amount relates to activities undertaken by the Agency over the period the Redevelopment Project Area has been in existence. In addition, the Statement also includes an estimate of the Agency's required set aside for the Low and Moderate Income Housing Fund for the duration of the Project. Although this appears as "debt", it is more akin to a reservation of future funding to assure compliance with the obligation to set aside funds for low- and moderate-income housing.

Prepared by:


Maret Bartlett, Redevelopment Director

Recommended by:


Sylvia Ehrenthal
Director of Community
and Economic Development

Approved by:


Jesús Armas, City Manager

Exhibit A: Annual Report
Resolutions

EXHIBIT "A"

**ANNUAL REPORT
OF
REDEVELOPMENT AGENCY ACTIVITIES
FOR
FY 2004-05**

Redevelopment Agency of the City of Hayward

December 2005

A. **Independent Financial Audit**

See Appendix A, Redevelopment Agency of the City of Hayward Component Unit Financial Statements for the Year Ended June 30, 2005, Independent Auditors' Report and Independent Auditors' Compliance Report.

B. **Annual Report of Financial Transactions for FY 2004-05**

See Appendix B, Annual Report of Financial Transactions of Community Redevelopment Agencies, Project Area Report, Report Regarding Progress in Alleviating Blight, Status of Loans, and Status of Agency-owned Property.

C. **Description of Agency's Activities Affecting Housing and Displacement**

See Appendix C, Annual Report of Housing Activity of Community Redevelopment Agencies.

D. **Statement of Indebtedness**

See Appendix D, Statement of Indebtedness for the 2004-05 Tax Year

APPENDIX A
INDEPENDENT FINANCIAL AUDIT
FOR FY 2004-05

Redevelopment Agency of the City of Hayward

December 2005

**REDEVELOPMENT AGENCY
OF THE CITY OF HAYWARD
COMPONENT UNIT FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
COMPONENT UNIT FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

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INDEPENDENT AUDITOR'S REPORT

Members of the Governing Board of the
Redevelopment Agency of the
City of Hayward, California

We have audited the accompanying component unit financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Redevelopment Agency of the City of Hayward (Agency), a component unit of the City of Hayward, as of and for the year ended June 30, 2005, as listed in the Table of Contents. These component unit financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the component unit financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with Government Auditing Standards, we have also issued reports dated October 28, 2005 on our consideration of the Agency's internal control structure and on its compliance with laws and regulation.

In our opinion the component unit financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities, each major funds, and the aggregate remaining fund information of the Agency at June 30, 2005 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

Management's Discussion and Analysis is supplementary information required by the Government Accounting Standards Board, but is not part of the component unit financial statements. We have applied certain limited procedures to this information, principally inquiries of management regarding the methods of measurement and presentation of this information, but we did not audit this information and we express no opinion on it.

October 28, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government Accounting Standards Board Statement 34 requires the Redevelopment Agency to provide this overview of the Agency's financial activities for the year ended June 30, 2005. Please read this overview in conjunction with your reading of the accompanying Basic Financial statements.

THE PURPOSE OF THE AGENCY

The Hayward Redevelopment Agency functions as a division within the City of Hayward. The Agency is governed by the City Council, which sits in a separate capacity as the Agency's Board of Directors. City employees perform all the duties and functions required of the Agency. The Agency is a component unit of the City of Hayward.

The Agency's purpose under California law is to eliminate urban blight in the City of Hayward. The Agency is given certain powers under the law to assist it in that endeavor. The Agency may condemn property under certain circumstances as prescribed by the law, and it may incur indebtedness to finance its redevelopment activities. The Agency may not assess or receive property taxes, but it may receive any increases in property taxes over amounts received in the year before the property in the Agency's area became subject to redevelopment (called the Base Year). The increases are called Property Tax Increments. Twenty percent of the property tax increments received must be used to increase the supply of low and moderate income housing. The Agency must also make "pass through" payments to other pre-existing governmental entities within its redevelopment area, in accordance with statutory formulas.

FISCAL 2005 FINANCIAL HIGHLIGHTS

Financial highlights of the year include the following:

Agency-wide:

- The Agency's net assets increased \$4.1 million to \$14.8 million in fiscal 2005.
- Total assets increased to \$66.9 million and liabilities amounted to \$52.1 million in fiscal 2005.
- Total Agency revenues were \$9 million and expenses \$4.9 million in fiscal 2005.

Fund Basis:

- General Capital Projects Fund revenues of \$6.3 million were \$1.2 million higher than the prior year, while expenditures of \$3.2 million were \$0.9 million higher than the prior year.
- General Capital Projects Fund other financing sources decreased to \$(2.6) million in fiscal 2005, up \$2 million in transfers out over prior year.
- General Capital Projects Fund fund balance increased \$512 thousand.
- 2004 Tax Allocation Bonds (TABs) Capital Projects Fund revenues were \$643 thousand.
- 2004 TABs Capital Projects Fund expenditures of \$5.7 million were \$5.6 million higher than the prior year.
- 2004 TABs Capital Projects Fund balance decreased \$5 million.
- Low and Moderate Income Housing Fund revenues were \$2.9 million. There were no fund transfers for fiscal 2005.
- Low and Moderate Income Housing Fund expenditures of \$1.6 million were \$1.5 million lower than the prior year.
- Low and Moderate Income Housing Fund ending fund balance increased to \$4 million, \$1.2 million higher than the prior year.
- Debt Service Fund transfers in were \$1.6 million in fiscal 2005, down \$6.7 million from the prior year.
- Debt Service Fund expenditures decreased to \$1.7 million in fiscal 2005, \$3.9 million lower than the prior year.

The Basic Financial Statements

The Basic Financial Statements comprise the Agency-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the Agency's financial activities and financial position.

The Agency-wide Financial Statements provide a longer-term view of the Agency's activities as a whole and comprise the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the financial position of the Agency as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the Agency's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the Agency's programs. The Statement of Activities explains in detail the change in Net Assets for the year.

All of the Agency's activities are grouped into Government Activities.

The Fund Financial Statements report the Agency's operations in more detail than the Agency-wide statements and provide additional information not found in the government-wide financial statements. The Fund Financial Statements focus primarily on the short-term activities of the Agency's four Funds and measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of the Agency and are presented individually, while the activities of any Non-major funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds. The Agency reports all four of its Funds as Major Funds; their purpose is explained in Note 1.C to the financial statements.

The Agency-wide Financial Statements

The Statement of Net Assets and the Statement of Activities present information about the following:

- **Governmental activities**—All of the Agency's basic services are considered to be redevelopment activities. These services are supported by general Agency revenues such as property tax increments.

Agency-wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the Agency as a whole.

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the Agency's most significant funds, called Major Funds. The concept of major funds, and the determination of which funds are major funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually and presents the major activities of the Agency for the year, and may change from year to year as a result of changes in the pattern of Agency's activities.

All the Agency's Funds are Governmental Funds; financial statements for these Funds are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

FINANCIAL ACTIVITIES OF THE AGENCY AS A WHOLE

The Agency signed a Disposition and Development Agreement under which the developer has constructed a residential project consisting of 46 units. Each of the flats is to be sold to low or moderate-income families. The project was constructed on a site purchased from the Agency in fiscal 2003-04 for a promissory note, plus 50% of the net proceeds from sales of the housing units. The non-interest bearing promissory note consists of the \$2 million sales price plus \$546 thousand in deferred development fees to the City. As of June 30, 2005, 30 of the 46 units were sold and the remaining 16 were in escrow. The Agency collected \$1.6 million of the promissory note leaving a balance of \$1 million which has subsequently been collected.

As of October 2005, the Agency had signed an agreement with a Developer which will construct a Theater/Retail Complex (Cinema Place) consisting of a twelve screen, 1800-seat movie theater and approximately 21,000 square feet of restaurant/ retail space. The Agency is obligated to construct, operate, and maintain a proximate 241 stall, three-level, detached Parking Structure. These projects are to be constructed on an Agency owned site (B & Foothill) consisting of a Theater/ Retail Complex parcel to be leased to the Developer and a Parking Structure parcel to be retained by the Agency. As of June 30, 2005, the Agency transferred the \$3.4 million cost for both parcels out of Land Held for Resale to Agency capital assets.

Land Held for Resale decreased \$2.6 million overall due to a combination of activity including the sale of land costing \$1.15 million for the retail façade portion of the B & Watkins Streets parking structure; the \$3.4 million transfer of Cinema Place parcels as mentioned earlier; plus \$2 million in property acquisitions located at 245, 251, 271 C Street and 22737 Filbert Street.

This analysis focuses on the net assets and changes in net assets of the Agency's Governmental Activities in the Agency-wide Statement of Net Assets and Statement of Activities that follow.

The Agency's net assets increased 38% to \$14.8 million in 2005 from \$10.7 million in 2004. This increase is the Change in Net Assets reflected in the Statement of Activities, as explained below:

- Cash and investments decreased \$1 million due primarily to capital asset expenditures.
- Land Held for Resale decreased \$2.6 million due to a sale plus a transfer of land to capital assets.
- Capital assets amounted to \$13 million, which increased \$7.2 million due to additions to construction in progress.
- Long-term payable to City decreased \$1.6 million due to \$1.9 million in scheduled repayments net of \$292 thousand in interest additions.
- Long-term debt remained the same at \$44.8 million until scheduled debt service payments next year.
- Net assets invested in capital assets reflected only the investment in capital assets discussed above.
- Unrestricted net assets are normally the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements.

The Agency's Fund Financial Statements

At June 30, 2005, the Agency's governmental funds reported combined fund balances of \$44.3 million, which is a decrease of \$3.2 million over last year's combined fund balances. This year's decrease compared with last year's increase in fund balance of \$40.6 million is represented by a \$3 million increase in revenues, a \$1.1 million increase in expenditures, and a \$45.7 million decrease in other financing sources because of Tax Allocation Bond proceeds last year. Debt Service Fund expenditures of \$1.7 million were funded by transfers. Low and Moderate Income Housing Fund revenues exceeded expenditures by \$1.2 million.

Expenditures totaled \$12.2 million in fiscal 2005 increased \$1.1 million from the prior year in part from a \$6.4 million increase in capital outlay and First-time Home Buyers expenditures combined with an overall decrease of \$5.3 million in debt service and developer assistance costs.

The \$1.6 million transferred to the Redevelopment Agency Debt Service Fund was for debt service on Tax Allocation Bonds.

CAPITAL ASSETS

Under GASB 34, the Agency is required to record all its capital assets, including infrastructure, at their historical cost, and to depreciate these assets over their estimated useful lives. These requirements do not take effect with respect to historical infrastructure costs until four years after the Agency implements GASB 34, but the Agency's has included these costs in the current year.

Capital assets of \$13 million at June 30, 2005 represent redevelopment projects in the Cannery area, theater/retail complex at B & Foothill, and 3rd level addition to B & Watkins parking structure that are subject to the depreciation requirements of GASB 34. Further detail on the Agency's capital assets may be found in Note 6 to the financial statements.

DEBT ADMINISTRATION

The Agency's debt is discussed in detail in Note 7 to the financial statements. The Agency's outstanding debt consists of 2004 Tax Allocation Bonds with a remaining principal balance of \$44.8 million that bears interest at 3.0% to 5.23% and is due serially until 2034. The proceeds from these Bonds were used to refund and retire 1996 bonds. The 2004 bonds are secured by property tax increment revenues.

The Agency also has three long-term loans payable to the City which amount to \$5.1 million at June 30, 2005, subject to specific repayment terms described in Note 3 to the financial statements. Repayment of these loans is subordinated to debt service on the Bonds.

In addition, the Agency has a Repayment Agreement with the City under which \$11.2 million has been advanced to the Agency to pay for projects. The terms of the Repayment Agreement do not specify when repayment will occur for a portion of this amount. As a result, the advance has not been included in long-term debt.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

These Component Unit Financial Statements are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the Agency's finances. Questions about this Report should be directed to the Finance Department, at 777 B Street, Hayward, California 94541.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES

The Statement of Net Assets and the Statement of Activities summarize the entire Agency's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the Agency's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis, the effect of all the Agency's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between Agency funds have been eliminated.

The Statement of Net Assets reports the difference between the Agency's total assets and the Agency's total liabilities, including all the Agency's capital assets and all its long-term debt. The Statement of Net Assets presents similar information to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the Agency's net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of all the Agency's Governmental Activities in a single column.

The Statement of Activities reports increases and decreases in the Agency's net assets. It is also prepared on the full accrual basis, which means it includes all the Agency's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The format of the Statement of Activities presents the Agency's expenses that are listed by program first. Program revenue, that is, revenues which are generated directly by these programs are then deducted from program expenses to arrive at the net expense of each program. The Agency's general revenues are then listed and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

These financial statements along with the fund financial statements and footnotes are called *Component Unit Financial Statements*.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

STATEMENT OF NET ASSETS JUNE 30, 2005

	Governmental Activities
ASSETS	
Cash and investments available for operations (Note 2)	\$12,114,246
Restricted cash and investments with trustee (Note 2)	34,565,784
Interest receivable	31,074
Long-term receivable due from City (Note 3)	66,662
Loans receivable (Note 5)	3,183,710
Land held for resale (Note 5)	3,942,226
Capital assets, net of accumulated depreciation (Note 6)	<u>13,012,358</u>
Total assets	<u>66,916,060</u>
LIABILITIES	
Accounts payable	1,189,526
Accrued liabilities	12,934
Interest payable	549,896
Refundable deposits	78,000
Due to other governments	320,596
Long-term payable to City (Note 3)	5,153,359
Long-term debt (Note 7):	
Due within one year	595,000
Due in more than one year	<u>44,195,000</u>
Total liabilities	<u>52,094,311</u>
NET ASSETS	
Restricted for:	
Debt service	4,090,107
Low and moderate income housing	<u>4,048,098</u>
Total restricted net assets	<u>8,138,205</u>
Unrestricted	<u>6,683,544</u>
Total net assets	<u>\$14,821,749</u>

See accompanying notes to financial statements

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2005

	Governmental Activities
Expenses:	
Redevelopment	\$2,642,255
Interest on long-term debt	<u>2,305,437</u>
Total Expenses	<u>4,947,692</u>
General revenues:	
Taxes:	
Incremental property tax	7,035,685
Investment earnings	1,366,424
Other	<u>641,085</u>
Total general revenues	<u>9,043,194</u>
Change in Net Assets	4,095,502
Net Assets-Beginning	<u>10,726,247</u>
Net assets-Ending	<u><u>\$14,821,749</u></u>

See accompanying notes to financial statements

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

FUND FINANCIAL STATEMENTS

GASB 34 revised the format of the Fund Financial Statements so that only individual major funds are presented, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year. No distinction is made between Fund types and the practice of combining like funds and presenting their totals in separate columns (Combined Financial Statements) has been discontinued, along with the use of the General Fixed Assets and General Long-term Debt Account Groups.

All of the Agency funds were determined to be Major Funds in fiscal 2005. They are described below:

The **GENERAL CAPITAL PROJECTS FUND** accounts for all resources used in the acquisition and construction of major capital facilities and other fixed assets under the Redevelopment Plan.

The **2004 TABS CAPITAL PROJECTS FUND** accounts for project costs financed by proceeds from the 2004 Tax Allocation Bonds.

The **LOW-MODERATE INCOME HOUSING CAPITAL PROJECTS FUND** accounts for the receipt of the mandated 20% set-aside of tax increment revenue from the Redevelopment Project Area.

The **DEBT SERVICE FUND** accounts for the accumulation of resources for payment of principal, interest and related costs of the Agency's long-term debt.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2005

	General Capital Projects	2004 TABs Capital Projects	Low and Moderate Income Housing	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash, cash equivalents and investments available for operations (Note 2)	\$6,752,394		\$4,646,429	\$715,423	\$12,114,246
Restricted cash and investments with trustee (Note 2)		\$31,191,100		3,374,684	34,565,784
Interest receivable	19,295		11,779		31,074
Long-term receivable from City (Note 3)			66,662		66,662
Due from other funds (Note 4)	637,555				637,555
Loans receivable (Note 5)			3,183,710		3,183,710
Land held for resale (Note 5)	1,913,946	2,028,280			3,942,226
Total Assets	\$9,323,190	\$33,219,380	\$7,908,580	\$4,090,107	\$54,541,257
LIABILITIES					
Accounts payable	\$23,878	\$538,977	\$626,671		\$1,189,526
Accrued liabilities	12,282	551	101		12,934
Deferred revenue			2,858,547		2,858,547
Refundable deposits	28,000		50,000		78,000
Due to other governments	320,596				320,596
Due to other funds (Note 4)		637,555			637,555
Long-term payable to City (Note 3)	4,828,196		325,163		5,153,359
Total Liabilities	\$5,212,952	1,177,083	3,860,482		10,250,517
FUND BALANCES					
Fund balance					
Reserved for:					
Capital outlay		30,014,017			30,014,017
Long-term receivables			391,825		391,825
Land held for resale	1,913,946	2,028,280			3,942,226
Low and moderate income housing			3,656,273		3,656,273
Debt service				\$4,090,107	4,090,107
Unreserved, undesignated	2,196,292				2,196,292
TOTAL FUND BALANCES	4,110,238	32,042,297	4,048,098	4,090,107	44,290,740
Total Liabilities and Fund Balances	\$9,323,190	\$33,219,380	\$7,908,580	\$4,090,107	\$54,541,257

See accompanying notes to financial statements

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

GOVERNMENTAL FUNDS BALANCE SHEET (Continued) JUNE 30, 2005

Total Fund Balances reported on the governmental funds balance sheet \$44,290,740

Amounts reported for Governmental Activities in the Statement of
Net Assets are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets
or financial resources and therefore are not reported in the Governmental Funds. 13,012,358

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are deferred on the Fund Balance Sheets because they are not available currently
are taken into revenue in the Statement of Activities.

Deferred revenue 2,858,547
Interest payable (549,896)

LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore
are not reported in the Funds:

Long-term debt (44,790,000)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$14,821,749

See accompanying notes to financial statements

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2005

	General Capital Projects	2004 TABs Capital Projects	Low and Moderate Income Housing	Debt Service Fund	Total Governmental Funds
REVENUES:					
Incremental property taxes	\$5,628,547		\$1,407,138		\$7,035,685
Interest	482,651	\$641,664	114,366	\$127,743	1,366,424
Charges for current services		1,937			1,937
Other	222,316		1,343,265		1,565,581
Total Revenues	6,333,514	643,601	2,864,769	127,743	9,969,627
EXPENDITURES:					
Current					
Redevelopment:					
Salaries and benefits	424,247		63,104		487,351
Services and supplies	860,721				860,721
Administrative charges from City of Hayward	471,781		60,000		531,781
First-time Home Buyers Program			1,140,274		1,140,274
Pass-through payments (Note 9)	279,103				279,103
ERAF shift (Note 9)	637,809				637,809
Capital outlay	267,173	5,713,370	356,793		6,337,336
Debt service					
Interest and fiscal charges	292,283			1,677,476	1,969,759
Total Expenditures	3,233,117	5,713,370	1,620,171	1,677,476	12,244,134
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,100,397	(5,069,769)	1,244,598	(1,549,733)	(2,274,507)
OTHER FINANCING SOURCES (USES)					
Gain on sale: Proceeds from sale of capital assets (\$3.65 million) net of cost of land sold (\$1.15 million) (Note 6)	2,500,000				2,500,000
Transfer of land held for resale to capital assets (Note 5C)	(3,443,016)				(3,443,016)
Transfers in (Note 4)				1,645,176	1,645,176
Transfers (out) (Note 4)	(1,645,176)				(1,645,176)
Total Other Financing Sources (Uses)	(2,588,192)			1,645,176	(943,016)
NET CHANGE IN FUND BALANCES	512,205	(5,069,769)	1,244,598	95,443	(3,217,523)
BEGINNING FUND BALANCES	3,598,033	37,112,066	2,803,500	3,994,664	47,508,263
ENDING FUND BALANCES	\$4,110,238	\$32,042,297	\$4,048,098	\$4,090,107	\$44,290,740

See accompanying notes to financial statements

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

Reconciliation of the NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS with the STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2005

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	(\$3,217,523)
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Amounts reported for governmental activities in the Statement of Activities
are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However,
in the Statement of Activities the cost of those assets is capitalized and allocated over
their estimated useful lives and reported as depreciation expense.

The capital outlay expenditures are therefore added back to fund balance	5,755,339
Transfer of land held for resale to capital assets	3,443,016
Remove capital assets sold	(1,860,852)
Depreciation expense is deducted from the fund balance	(129,478)

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of
current financial resources and therefore are not reported as revenue or expenditures in
governmental funds (net change):

Deferred revenue	440,678
Interest payable	<u>(335,678)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$4,095,502</u></u>
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See accompanying notes to financial statements

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Redevelopment Agency and Redevelopment Plan

The Redevelopment Agency of the City of Hayward (the Agency) was created in December 1969 under the provisions of the Community Redevelopment Law (California Health and Safety Code), for clearance and rehabilitation of areas determined to be in a declining condition in the City of Hayward. A Redevelopment Plan was adopted in December of 1975 and amended in April of 1994 to provide an improved physical, social and economic environment in the Project Area. In November 1998 a redevelopment amendment added approximately 370 acres to the existing Project Area for the primary purpose of undertaking neighborhood preservation activities in the residential areas and facilitate reuse or redevelopment of certain industrial and commercial sites over time. In fiscal 2001-2002 the Agency amended its plan to increase the project area by an additional 738 acres near the Mission and Foothill Boulevard corridors extending north and south of the existing project area. As a result, the total acreage of the Redevelopment Project Area is 1,348 acres.

The Agency is authorized to finance the Redevelopment Plan from various sources, including assistance from the City, the State and federal government, property tax increments, interest income and the issuance of Agency notes and bonds.

The Agency is an integral part of the City of Hayward and, accordingly, the accompanying financial statements are included as a component of the basic financial statements prepared by the City. A component unit is a separate governmental unit, agency or nonprofit corporation which, when combined with all other component units, constitutes the reporting entity as defined in the City's basic financial statements.

B. Basis of Presentation

The Agency's Component Unit Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

Government-wide Statements: The Statement of Net Assets and the Statement of Activities include the financial activities of the overall Agency government. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

Fund Financial Statements: The fund financial statements provide information about the Agency. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

C. Major Funds

GASB Statement 34 defines major funds and requires that the Agency's major governmental-type funds be identified and presented separately in the fund financial statements.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The Agency may also select other funds it believes should be presented as major funds. The Agency selected the Low-Mod Income Housing Operating Fund to be treated as a major fund.

The Agency reported all of its governmental funds in the accompanying financial statements as major funds:

The **General Capital Projects Fund** accounts for all resources used in the acquisition and construction of major capital facilities and other fixed assets under the Redevelopment Plan.

The **2004 TABS Capital Projects Fund** accounts for project costs financed by proceeds from the 2004 Tax Allocation Bonds.

The **Low-Moderate Income Housing Capital Projects Fund** accounts for the receipt of the mandated 20% set-aside of tax increment revenue from the Redevelopment Project Area.

The **Debt Service Fund** accounts the accumulation of resources for and the payment of principal, interest and related costs of the Agency's long-term debt.

D. Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The Agency considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

Non-exchange transactions, in which the Agency gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Other revenues susceptible to accrual include interest and charges for services.

Under the terms of grant agreements, the Agency may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and unrestricted redevelopment revenues. Thus, both restricted and unrestricted net assets are available to finance program expenditures. The Agency's policy is to first apply restricted grant resources to such programs, followed by unrestricted redevelopment revenues if necessary.

E. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the date contributed. The Agency's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

With the implementation of GASB Statement 34, the Agency is required to record all its public domain (infrastructure) capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks and drainage systems. Infrastructure assets are transferred to the City upon completion as the City will maintain them. GASB 34 required such assets to be excluded from the Agency's financial statements and included in the City's financial statements.

GASB Statement 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Alternatively, the "modified approach" may be used for certain capital assets. Depreciation is not provided under this approach, but all expenditures on these assets are expensed, unless they are additions or improvements.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The Agency has assigned the useful lives listed below to capital assets.

Buildings	10-50 years
Improvements	10-50 years
Equipment	7-50 years

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

F. Net Assets

GASB Statement 34 adds the concept of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

Net Assets is the excess of all the Agency's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions under GASB Statement 34. These captions apply only to Net Assets, which is determined only at the Government-wide level, and are described below:

Invested in Capital Assets, net of related debt describes the portion of Net Assets which is represented by the current net book value of the Agency's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Agency cannot unilaterally alter. These principally include resources received for debt service requirements; redevelopment funds restricted to low and moderate income purposes.

Unrestricted describes the portion of Net Assets which is not restricted as to use.

G. Fund Balance Reserves and Designations

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditure.

Reserves are restrictions placed by outside entities, such as other governments, which restrict the expenditures of the reserved funds to the purpose intended by the entity which provided the funds.

Designations are imposed by the Redevelopment Agency to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by the Redevelopment Agency.

H. Budgets and Budgetary Accounting

The Agency adopts an annual operating budget, effective July 1, for the ensuing fiscal year for the Capital Projects Funds and Debt Service Fund.

The Agency Executive Director may transfer appropriations from one program, activity, or object to another within the same fund. However, transfers of appropriations which increase total fund appropriations must be approved by the Agency Board. Expenditures which exceed appropriations at the fund level must be approved by the Agency Board. All unexpended appropriations lapse at the end of the fiscal year.

Budgets versus actual comparisons for capital projects and debt service funds are excluded from these financial statements as generally accepted accounting principals which do not require such presentations.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

I. Property Tax Increment

All property taxes are levied and collected by the County Auditor of the County of Alameda and paid to the various taxing entities including the Agency. Secured taxes are due on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured taxes are due on July 1 and become delinquent on August 31. The lien date for secured and unsecured property taxes is January 1 of the preceding fiscal year. Property tax increment revenues include only property taxes resulting from increased assessed values and are recognized in the fiscal year for which the taxes have been levied, provided they become available and measurable within the current period or soon enough thereafter to be used to pay liabilities of the current period.

- J. Accumulated unpaid vacation and sick pay benefits** are recorded in the capital projects funds and are expected to be liquidated with available expendable resources.

NOTE 2 - CASH AND INVESTMENTS

The Agency's dependence on incremental property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The Agency pools cash from all sources and all funds except cash held by the Trustees so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. Investments are carried at fair value.

A. Policies

The Agency invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to maximize security, the Agency employs the Trust Department of a bank as the custodian of all Agency managed investments, regardless of their form.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the Agency's cash on deposit or first trust deed mortgage notes with a value of 150% of the Agency's cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the Agency's name and places the Agency ahead of general creditors of the institution pledging the collateral.

The Agency's investments are carried at fair value, as required by generally accepted accounting principles. The Agency adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year. In the Agency's case fair value equals fair market value, since all of the Agency's investments are readily marketable.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of Agency debt instruments or Agency agreements.

	<u>2005</u>
City of Hayward Treasury	\$11,116,498
California Local Agency Investment Fund	<u>997,748</u>
Cash and investments available for operations	12,114,246
Restricted investments	<u>34,565,784</u>
Total Cash and Investments	<u><u>\$46,680,030</u></u>

C. Investments Authorized by Debt Agreements

The Agency must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the Agency fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with Agency resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The bond indentures contain no limitations for the maximum investment in any one issuer or the maximum percentage of the portfolio that may be invested in any one investment type. The table also identifies certain provisions of these debt agreements:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>
U.S. Treasury Obligations		
U.S. Government Agency Obligations		
U.S. Government Sponsored Obligations		
Money Market Mutual Funds		AAm
Collateralized Certificates of Deposits		
FDIC Insured Deposits		
Investment Agreements		
Commercial Paper		A-1
State or Municipal bonds		Two Highest Categories
Bankers Acceptances or Federal Funds	1 year	A-1
Repurchase Agreements	30 days	A
California Local Agency Investment Fund		

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Agency generally manages its interest rate risk by holding investments to maturity.

Information about the sensitivity of the fair values of the Agency's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity date:

	<u>Market Value</u>	<u>Maturity Date</u>
<i>Investments:</i>		
Guaranteed Investment Contract	\$3,374,432	March 1, 2034
Guaranteed Investment Contract	31,191,100	December 1, 2006
California Local Agency Investment Fund	997,748	
Money Market Mutual Funds (U.S. Securities)	252	
City of Hayward Treasury	11,116,498	
Total Investments	<u>\$46,680,030</u>	

The Agency participates in the City of Hayward Cash and Investments pool, detail of which is presented in the City's Comprehensive Annual Financial Report.

Money market funds are available for withdrawal on demand and at June 30, 2005, matured in an average of 38 days.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 20, 2005 for Money Market Funds are AAAM as provided by Standard and Poor's investment rating system. The Local Agency Investment Fund and Guaranteed Investment Contracts were not rated as of June 30, 2005.

G. Concentration Risk

Significant investments in the securities of any individual issuers, other than U. S. Treasury securities, mutual funds, are set forth below:

Reporting Unit	Issuer	Investment Type	Reported Amount
Entity-wide:			
	AIG Matched Funding Corp	Guaranteed Investment Contract	\$3,374,432
	MBIA, Inc	Guaranteed Investment Contract	31,191,100
Major Funds:			
2004 TABS Capital Projects	MBIA, Inc	Guaranteed Investment Contract	31,191,100
Debt Service Fund	AIG Matched Funding Corp	Guaranteed Investment Contract	3,374,432

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 3 - RECEIVABLES FROM/PAYABLES TO THE CITY OF HAYWARD

A. Long Term Receivable Due From City

In prior years, the Agency loaned funds to the City's General Fund for use as loans to homebuyers and third-party contractors for the purpose of promoting homeownership in the City and developing low and moderate income housing. Such funds are repaid to the Agency by the City as repayment is received from the loan recipients. At June 30, 2005, \$66,662 of the loan was outstanding.

B. Long term Payable to City

The City has made various loans and advances to finance Agency operations and consist of the following:

Type of Obligation	Maturity	Interest Rates	Authorized and Issued	Outstanding at June 30, 2004	Interest & Additions	Retirements	Outstanding at June 30, 2005
Loans Payable to the City							
1990 Water Enterprise Fund Loan (6/1/2010	Varies	\$4,701,112	\$2,803,196	\$208,300	\$533,300	\$2,478,196
1993 Workers' Compensation Insurance Fund (b)	06/30/04	Varies	513,000	203,598	5,314	208,912	
Repayment Agreement (c)							
Water Fund	06/30/05	Varies	1,600,000	420,976	3,686	424,662	
Sewer Fund	06/30/05	Varies	1,600,000	420,976	3,686	424,662	
2003 Sewer Fund Loan (d)	3/31/10	2.25% to 3%	2,350,000	2,350,000	71,297	71,297	2,350,000
Deferred Development fees(e)	7/30/05	none	546,715	546,715		221,552	325,163
Total loans payable to City				<u>\$6,745,461</u>	<u>\$292,283</u>	<u>\$1,884,385</u>	<u>\$5,153,359</u>

- (a) In 1990, the City's Water Enterprise Fund made a loan to the Agency to finance the purchase of land for development. Scheduled debt service payments for the loan are being made from available incremental property tax revenues.
- (b) During the year ended June 30, 1993, the City made a loan of \$513,000 from its Workers' Compensation Insurance Internal Service Fund to the Agency to help pay for the settlement of a condemnation litigation case. All the remaining principal was repaid during fiscal 2004-05.
- (c) During fiscal 1998-99, \$3.2 million was loaned to the Redevelopment Agency pursuant to a City Council resolution to partially finance parking garage, retail and property acquisition costs. All the remaining principal was repaid during fiscal 2004-05.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 3 - RECEIVABLES FROM/PAYABLES TO THE CITY OF HAYWARD (Continued)

(d) During fiscal 2002-2003, the Sewer Enterprise Fund loaned \$2.35 million to the Redevelopment Agency pursuant to a City Council resolution to partially finance sidewalk improvements. This loan bears interest from 2.25% to 3.00%, which is repaid quarterly. Principal is repayable over a five-year period commencing the fourth quarter of fiscal year 2006. As of June 30, 2005, the outstanding loan balance is \$2,350,000.

(e) See Note 5.

C. City Repayment Agreement

In addition to the above amounts, funds have been advanced under an Amended Repayment Agreement whereby the Agency has agreed to reimburse the City a portion of project costs for the B Street/Watkins/Mission Garage and B Street Retail and Civic Center Plaza.

Amounts due under the Agreement are non-interest bearing, are repayable from available revenues of the Agency and are subordinated to the Tax Allocations Bonds. As a result, the final maturity date of the loan has not been determined and the timing of repayment is unknown. Therefore the amount of Repayment Agreement advances which amount to \$11,186,217 at June 30, 2005 have been excluded from the accompanying financial statements as required by generally accepted accounting principals.

NOTE 4 - INTERFUND TRANSACTIONS

A. Long-term Interfund Payable and Receivable

The provisions of the State's annual budget required redevelopment agencies to contribute a portion of their incremental property tax revenues over the three fiscal years prior to 1995-96 to a county Educational Revenue Augmentation Fund ("ERAF"). Accumulated ERAF contributions through June 30, 1995 were funded by the Low and Moderate Income Housing Capital Projects Fund via interfund, interest-free loans, as permitted by State guidelines. The General Capital Projects Fund is required to repay the loans of \$486,988 to the Low and Moderate Income Housing Fund within ten years. As of June 30, 2005 the outstanding loan balance was repaid in full.

B. Interfund Transfers

During fiscal 2004-05, the Agency transferred \$1,645,176 from the Capital Project Fund to the Debt Service Fund for use in paying debt service on the Agency's long-term debt.

C. Interfund Payables and Receivables

As of June 30, 2005, the 2004 TABs Capital Projects Fund owes the General Capital Project Fund \$637,555, which is expected to be repaid in the next fiscal year.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 5 – REDEVELOPMENT ACTIVITIES

A. *Land Held for Resale*

Land held for resale of \$3,942,226 at June 30, 2005, is stated at the lowest of historical cost, net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer performing projects in accordance with the Redevelopment Plan. The stated purpose of the Redevelopment Plan is to provide an improved physical, social and economic environment in the Project Area.

B. *Downtown Hayward Redevelopment Project*

The Agency signed a Disposition and Development Agreement under which the Developer has constructed a residential project consisting of 24 two-story town homes and 22 one-story flats. Each of the flats is to be sold to low or moderate-income families. The project was constructed on a site purchased from the Agency in fiscal 2003-04 for a promissory note, plus 50% of the net proceeds from the sale of housing units. The non-interest bearing promissory note in the amount of \$2,546,715 consists of the \$2 million sales price plus an additional \$546,715 representing deferred development fees. Repayments of \$55,363 are due upon the sale of each of the 46 housing units. As of June 30, 2005, the Agency had collected \$1,660,814, leaving a remaining balance of \$1,020,814, which has subsequently been collected.

Concurrently with the signing of the above development agreement, the City and Agency entered into a cooperation agreement under which the City has agreed to defer development fees on the Project. Fee payments to the City will occur upon payment by the Developer to the Agency. The Agency has recorded a \$325,163 interfund advance to the City to reflect this liability. (See Note 3 above.)

C. *Theater/Retail Complex and Parking Structure Projects*

As of October 2005, the Agency had signed an agreement with a Developer which will construct a Theater/Retail Complex consisting of a twelve screen, 1,800 seat movie theater and approximately 21,000 square feet of restaurant/retail space. The Agency is obligated to construct, operate and maintain a proximate 241 stall, three level detached Parking Structure. The Developer is obligated to pay 50 percent of the net Parking Structure operating costs.

These projects are to be constructed on an Agency owned site consisting of a Theater/Retail Complex parcel to be leased to the Developer and a Parking Structure parcel to be retained by the Agency. Pursuant to a related agreement with an initial Movie Theater Operator, the Agency is contingently liable for \$5 million to be paid if a competing movie theater is open outside the Downtown Core Area.

Under the related ground lease for the Theater/Retail Complex parcel, rent due the Agency is to commence January 1, 2006 consisting of monthly base rent of \$4,167, plus an annually remitted percentage rent equal to five percent of subtenant receipts received in excess of \$660,000. Base rent increases in the eleventh, twenty-fifth year and each tenth year anniversary thereafter as defined in the agreement. The term of the lease is 50 years, plus a two 5-year renewal options.

As of June 30, 2005, the Agency transferred the \$3,443,016 cost for both parcels from Land Held for Resale to Governmental Activities capital assets. As of June 30, 2005, construction costs for the Parking Structure were estimated to be \$5.5 million.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 5 – REDEVELOPMENT ACTIVITIES (Continued)

D. Loans Receivable

In order to carry out low and moderate housing programs, Redevelopment low and moderate income housing funds were loaned to home buyers and third-party contractors for the purposes of promoting home ownership in the City and developing low and moderate income housing. The loans bear interest at rates equivalent to either the 11th district cost of funds or the rate the City earns on its cash and investments.

NOTE 6 – CAPITAL ASSETS

Changes in the capital assets consisted of the following:

	Balance at June 30, 2004	Additions	Retirements	Balance at June 30, 2005
Capital assets not being depreciated:				
Land	\$829,370	\$847,439	(\$179,370)	\$1,497,439
Construction in Progress		8,350,916		8,350,916
Total Capital Assets not being depreciated	829,370	9,198,355	(179,370)	9,848,355
Capital assets being depreciated:				
Buildings	5,772,135		(2,213,170)	3,558,965
Machinery and Equipment	15,681			15,681
Total capital assets being depreciated	5,787,816		(2,213,170)	3,574,646
Less accumulated depreciation for:				
Buildings	805,449	128,270	(531,688)	402,031
Machinery and Equipment	7,404	1,208		8,612
Total accumulated depreciation	812,853	129,478	(531,688)	410,643
Net capital assets being depreciated	4,974,963	(129,478)	(1,681,482)	3,164,003
Capital assets, net	\$5,804,333	\$9,068,877	(\$1,860,852)	\$13,012,358

During fiscal 2004 – 2005, the Agency sold the retail facade portion of the B & Watkins Streets Parking Structure to a third party for \$3,650,000 which included \$2,500,000 for the building included above and \$1,150,000 for land held for resale. Depreciation expense has been allocated to the Redevelopment activity on the statement of activities.

Construction in progress for capital assets composed of the following:

	Project Budget	Expended to June 30, 2005	Encumbered	Committed
Buildings	\$7,950,297	\$6,669,471	\$993,902	\$286,924
Improvement other than buildings	2,010,000	1,403,115	523,789	83,096
Streets	4,330,000	278,330	\$3,723,861	327,809
Total	\$14,290,297	\$8,350,916	\$5,241,552	\$697,829

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 7 - LONG-TERM OBLIGATIONS

Changes in long-term obligations consist of the following:

Type of Obligation	Authorized and Issued	Principal Outstanding June 30, 2004	Principal Outstanding June 30, 2005	Current Portion
Tax Allocation Bonds, 2004 Redevelopment Agency due 3/1/2034, interest at 3%-5.23%	44,790,000	\$44,790,000	\$44,790,000	\$595,000
Total	<u>\$44,790,000</u>	<u>\$44,790,000</u>	<u>\$44,790,000</u>	<u>\$595,000</u>

In fiscal 2003-2004, the Agency issued \$44,790,000 principal amount of **Redevelopment Agency Tax Allocation Bonds, Series 2004**, the proceeds of which were used to defease and retire the Redevelopment Agency Tax Allocation Bonds, Series 1996, and to finance various other redevelopment projects within the Redevelopment area.

Summary of scheduled debt service payments follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2006	\$595,000	\$2,199,582
2007	\$610,000	2,181,732
2008	1,210,000	2,163,432
2009	1,270,000	2,102,932
2010	1,335,000	2,039,432
2011-2015	7,645,000	9,205,282
2016-2020	9,575,000	7,272,872
2021-2025	12,165,000	4,667,658
2026-2030	6,920,000	1,730,501
2031-2034	3,465,000	470,905
Totals	<u>\$44,790,000</u>	<u>\$34,034,328</u>

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 8 - JOINT POWERS AGENCY

The Hayward Public Financing Authority (the "Authority") was established in May 1989 when the Agency and the City entered into a joint powers agreement under the Joint Exercise of Powers Law of the State of California for the purpose of financing certain capital improvements within the City. The governing body of the Authority consists of the City's seven City Council members who also act as the Agency's governing body. As a separate legal entity, the Authority exercises full power and authority within the scope of the Joint Powers Agreement including the accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of the Authority are not those of the Agency.

Complete financial statements of the Authority can be obtained from: City of Hayward, Finance Department, 3rd Floor, 777 B Street, Hayward, California 94541.

NOTE 9 - PASS-THROUGH PAYMENTS AND TAX INCREMENT SHIFT TO EDUCATIONAL REVENUE AUGMENTATION FUND (ERAF)

Pursuant to California Redevelopment Law (Health and Safety Code Section 33607.5), the Agency is obligated to pass-through a portion of the gross tax increment received on the Project Area to jurisdictions within the project area. In fiscal 2004-2005, the Agency calculated and remitted \$279,103 pass-through payments to the affected jurisdictions.

During fiscal 2002-2003, the State of California directed that a portion of the incremental property taxes that had been received in prior years by redevelopment agencies be paid instead to local educational agencies. During fiscal 2004-2005, the Agency paid \$637,809 to the ERAF as a result of the State's directive.

The State also directed that the above amounts be included in the Agency's total incremental property tax receipts for purposes of calculating the amounts to be set aside for Low and Moderate Income Housing.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The Agency is involved in several legal proceedings arising from its normal operations. It is the opinion of management that any obligations, which may result from such legal proceedings, will not have a material effect on the financial position of the Agency.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Members of the Governing Board of the
Redevelopment Agency of the
City of Hayward, California

We have audited the financial statements of the Redevelopment Agency of the City of Hayward as of and for the year ended June 30, 2005, and have issued our report thereon dated October 28, 2005. We have conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However we did communicate other matters to Agency Board in our separate Memorandum on Internal Controls dated October 28, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit included tests of compliance with provisions of the *Guidelines for Compliance Audits of California Redevelopment Agencies*. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion except for items noted in the Schedule of Current Year Findings. The results of our tests disclosed no instances of noncompliance, except as noted in the Schedule of Current Year Findings below that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Agency Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the above parties.

October 28, 2005

Review Draft

Appendix A -- Page 30

11/17/2005 7:22 PM

SCHEDULE OF CURRENT YEAR FINDINGS

Finding 05-01:

The Agency did not prepare a written determination showing the planning and administrative expenditures were necessary for the production, improvement or preservation of low and moderate income housing for the year ended June 30, 2005, as required by the Health and Safety Code Section 33334.3 (d).

Redevelopment Agency Response:

The Agency will include this resolution for adoption as part of it's budget adoption process in June 2006.

Finding 05-02:

The Agency Updated Five Year Implementation Plan was due September, 2004. The Plan has not been adopted until June 30, 2005.

Redevelopment Agency Response:

The Five Year Implementation Plan is scheduled for public hearing and adoption on December 6, 2005.

APPENDIX B

**ANNUAL REPORT OF FINANCIAL TRANSACTIONS
FOR FY 2004-05**

Redevelopment Agency of the City of Hayward

December 2005

REDEVELOPMENT AGENCIES FINANCIAL TRANSACTIONS REPORT

COVER PAGE

Redevelopment Agency Of The City Of Hayward

Fiscal Year

2005

ID Number:

13980135800

Submitted by:

Diane Lewis
Signature

Acting Finance Director

Title

Diane Lewis

Name (Please Print)

December 14, 2005

Date

Per Health and Safety Code section 33080, this report is due within six months after the end of the fiscal year. The report is to include two (2) copies of the agency's component unit audited financial statements, and the report on the Status and Use of the Low and Moderate Income Housing Fund (HCD report). To meet the filing requirements, all portions must be received by the California State Controller's Office.

To file electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. Sign this cover page and mail to either address below with 2 audits and the HCD report.

Report will not be considered filed until receipt of this signed cover page.

To file a paper report:

1. Complete all forms as necessary.
2. Sign this cover page, and mail complete report to either address below with 2 audits and the HCD report.

Mailing Address:

State Controller's Office
Division of Accounting and
Reporting
Local Government Reporting Section
P. O. Box 942850
Sacramento, CA 94250

Express Mailing Address:

State Controller's Office
Division of Accounting and Reporting
Local Government Reporting Section
3301 C Street, Suite 700
Sacramento, CA 95816

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report
General Information

Fiscal Year **2005**

Members of the Governing Body

	Last Name	First Name	Middle Initial
Chairperson	Cooper	Roberta	
Member	Ward	William	H
Member	Henson	Olden	P
Member	Dowling	Kevin	
Member	Halliday	Barbara	
Member	Jimenez	Matt	
Member	Quirk	Bill	
Member			
Member			
Member			

Mailing Address

Street 1

Street 2

City State Zip

Phone ☐ Is Address Changed?

Agency Officials

	Last Name	First Name	Middle Initial	Phone
Executive Director	Armas	Jesus		(510) 583-4300
Fiscal Officer	Lewis	Diane		(510) 583-4010
Secretary	Reyes	Angelina	M	(510) 583-4405

	Report Prepared By	Independent Auditor
Firm Name		Maze and Associates
Last	Gudino	Biggs
First	Henry	Corey
Middle Initial	J	A
Street	777 B Street	1931 San Miguel Drive, Suite 100
City	Hayward	Walnut Creek
State	CA	CA
Zip Code	94541-	94596-
Phone	(510) 583-4091	(925) 930-0902

Redevelopment Agency Of The City Of Hayward Redevelopment Agencies Financial Transactions Report

Achievement Information (Unaudited)

Fiscal Year 2005

Indicate Only Those Achievements Completed During the Fiscal Year of this Report as a Direct Result
of the Activities of the Redevelopment Agency.

Please provide a description of the agency's activities/accomplishments during the past year.

(Please be specific, as this information will be the basis for possible inclusion in the publication.)

Activity Report

Please see Project Area Report attached at back.

1) Completed two parking improvement projects in the downtown which created 78,000 square feet in new parking area:

- Municipal Lot 2 was expanded to create 88 new public parking spaces.
- An additional deck was added to the Downtown Parking structure which created 178 new parking spaces.

2) Renaissance Walk Housing development was completed which created 61,500 square feet of new housing. Through a Disposition and Development Agreement with the Agency, a total of 46 dwelling units were created, 22 of which were for moderate income residents.

3) Honda of Hayward constructed a new 9,100 square foot sales area and office through a Disposition and Development Agreement with the Agency for parcel assemblage.

Enter the amount of square footage completed this year by building type and segregated by new or rehabilitated construction.

Square Footage Completed

New Construction

Rehabilitated

Commercial Buildings

9,100

Industrial Buildings

Public Buildings

78,000

Other Buildings

61,500

Total Square Footage

148,600

0

Enter the Number of Jobs Created from the Activities of the Agency

Types Completed

A=Utilities B=Recreation C=Landscaping D=Sewer/ Storm E=Streets/ Roads
F=Bus/Transit

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Audit Information

Fiscal Year

2005

Was the Report Prepared from Audited Financial Data,
and Did You Submit a Copy of the Audit?

Yes

Indicate Financial Audit Opinion

Unqualified

If Financial Audit is not yet Completed, What is the
Expected Completion Date?

If the Audit Opinion was Other than Unqualified, State
Briefly the Reason Given

Was a Compliance Audit Performed in Accordance with
Health and Safety Code Section 33080.1 and the State
Controller's Guidelines for Compliance Audits, and Did You
Submit a Copy of the Audit?

Yes

Indicate Compliance Audit Opinion

Unqualified

If Compliance Audit is not yet Completed, What is the
Expected Completion Date?

If compliance opinion includes exceptions, state
the areas of non-compliance, and describe the
agency's efforts to correct.

Redevelopment Agency Of The City Of Hayward Redevelopment Agencies Financial Transactions Report

Project Area Report

Fiscal Year 2005

Project Area Name

Downtown Hayward Project Area

Please Provide a Brief Description of
the Activities for this Project Area
During the Reporting Year.

Activity Report

Forwarded from Prior Year ?

Yes

Enter Code for Type of Project Area Report

P

P = Standard Project Area Report

A = Administrative Fund

L = Low and Moderate Income Housing Fund

M = Mortgage Revenue Bond Program

O = Other Miscellaneous Funds or Programs

S = Proposed (Survey) Project Area

Does the Plan Include Tax Increment Provisions?

Yes

Date Project Area was Established (MM-DD-YY)

12/30/1975

Most Recent Date Project Area was Amended

6/26/2001

Did this Amendment Add New Territory?

Yes

Most Recent Date Project Area was Merged

Will this Project Area be Carried Forward to Next Year?

Yes

Established Time Limit :

Repayment of Indebtedness (Year Only)

2047

Effectiveness of Plan (Year Only)

2032

New Indebtedness (Year Only)

2021

Size of Project Area in Acres

1,348

Percentage of Land Vacant at the Inception of the Project Area

4.0

Health and Safety Code Section 33320.1 (xx.x%)

Percentage of Land Developed at the Inception of the Project Area

96.0

Health and Safety Code Section 33320.1 (xx.x%)

Objectives of the Project Area as Set Forth in the Project Area Plan

RCPO

(Enter the Appropriate Code(s) in Sequence as Shown)

R = Residential I = Industrial C = Commercial P = Public O = Other

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Assessed Valuation Data

Fiscal Year **2005**

Project Area Name

Downtown Hayward Project Area

Frozen Base Assessed Valuation

622,930,415

Increment Assessed Valuation

607,144,846

Total Assessed Valuation

1,230,075,261

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Pass-Through / School District Assistance

Fiscal Year

2005

Project Area Name

Downtown Hayward Project Area

Tax Increment Pass Through Detail

Other Payments

Amounts Paid To Taxing
Agencies Pursuant To:

**H & S Code
Section 33401**

**H & S Code
Section 33676**

**H & S Code
Section 33607**

Total

**H & S Code
Section 33445**

**H & S Code
Section 33445.5**

County

		79,337	\$79,337		
--	--	--------	----------	--	--

Cities

			\$0		
--	--	--	-----	--	--

School Districts

		95,990	\$95,990		
--	--	--------	----------	--	--

Community College Districts

		12,065	\$12,065		
--	--	--------	----------	--	--

Special Districts

		729,520	\$729,520		
--	--	---------	-----------	--	--

**Total Paid to Taxing
Agencies**

\$0	\$0	\$916,912	\$916,912	\$0	\$0
-----	-----	-----------	-----------	-----	-----

Net Amount to Agency

			\$6,118,773		
--	--	--	-------------	--	--

Gross Tax Increment
Generated

			7,035,685		
--	--	--	-----------	--	--

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year	<input type="text" value="2005"/>
Project Area Name	<input type="text" value="Downtown Hayward Project Area"/>
Forward from Prior Year	<input type="text" value="Yes"/>
Bond Type	<input type="text" value="Tax Allocation Bonds"/>
Year of Authorization	<input type="text" value="2004"/>
Principal Amount Authorized	<input type="text" value="44,790,000"/>
Principal Amount Issued	<input type="text" value="44,780,000"/>
Purpose of Issue	<input type="text" value="New Capital Projects and Refunding"/>
Maturity Date Beginning Year	<input type="text" value="2004"/>
Maturity Date Ending Year	<input type="text" value="2034"/>
Principal Amount Unmatured Beginning of Fiscal Year	<input type="text" value="\$44,790,000"/>
Adjustment Made During Year	<input type="text"/>
Adjustment Explanation	<input type="text"/>
Interest Added to Principal	<input type="text"/>
Principal Amount Issued During Fiscal Year	<input type="text"/>
Principal Amount Matured During Fiscal Year	<input type="text"/>
Principal Amount Defeased During Fiscal Year	<input type="text"/>
Principal Amount Unmatured End of Fiscal Year	<input type="text" value="\$44,790,000"/>
Principal Amount In Default	<input type="text"/>
Interest In Default	<input type="text"/>

Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US/State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year

Project Area Name

Forward from Prior Year	<input type="text" value="Yes"/>
Bond Type	<input type="text" value="City/County Debt"/>
Year of Authorization	<input type="text" value="1975"/>
Principal Amount Authorized	<input type="text" value="12,556,048"/>
Principal Amount Issued	<input type="text" value="12,556,048"/>
Purpose of Issue	<input type="text" value="Property Acquisition"/>
Maturity Date Beginning Year	<input type="text" value="1990"/>
Maturity Date Ending Year	<input type="text" value="2010"/>
Principal Amount Unmatured Beginning of Fiscal Year	<input type="text" value="\$6,745,461"/>
Adjustment Made During Year	<input type="text"/>
Adjustment Explanation	<input type="text"/>
Interest Added to Principal	<input type="text" value="292,283"/>
Principal Amount Issued During Fiscal Year	<input type="text"/>
Principal Amount Matured During Fiscal Year	<input type="text" value="0"/>
Principal Amount Defeased During Fiscal Year	<input type="text" value="1,884,385"/>
Principal Amount Unmatured End of Fiscal Year	<input type="text" value="\$5,153,359"/>
Principal Amount In Default	<input type="text"/>
Interest In Default	<input type="text"/>

Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US;State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Revenues

Fiscal Year 2005

Project Area Name Downtown Hayward Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	Total
Tax Increment Gross <i>(Include All Apportionments)</i>	5,628,547		1,407,138		\$7,035,685
Special Supplemental Subvention					\$0
Property Assessments					\$0
Sales and Use Tax					\$0
Transient Occupancy Tax					\$0
Interest Income	679,678	127,743	114,366		\$921,787
Rental Income	444,637				\$444,637
Lease Income					\$0
Sale of Real Estate					\$0
Gain on Land Held for Resale					\$0
Federal Grants					\$0
Grants from Other Agencies					\$0
Bond Administrative Fees					\$0
Other Revenues	224,253		1,343,265		\$1,567,518
Total Revenues	\$6,977,115	\$127,743	\$2,864,769	\$0	\$9,969,627

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year

2005

Project Area Name

Downtown Hayward Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Administration Costs	896,028		123,104		\$1,019,132
Professional Services	745,304	0			\$745,304
Planning, Survey, and Design	382,590	0			\$382,590
Real Estate Purchases	2,710,700	0	356,793		\$3,067,493
Acquisition Expense					\$0
Operation of Acquired Property					\$0
Relocation Costs					\$0
Relocation Payments	143,865	0			\$143,865
Site Clearance Costs					\$0
Project Improvement / Construction Costs	2,858,805	0	0		\$2,858,805
Disposal Costs					\$0
Loss on Disposition of Land Held for Resale					\$0

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year 2005

Project Area Name Downtown Hayward Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Decline in Value of Land Held for Resale					\$0
Rehabilitation Costs					\$0
Rehabilitation Grants					\$0
Interest Expense	292,283	1,677,476			\$1,969,759
Fixed Asset Acquisitions			1,140,274		\$1,140,274
Subsidies to Low and Moderate Income Housing					\$0
Debt Issuance Costs					\$0
Other Expenditures Including Pass- Through Payment(s)	916,912				\$916,912
Debt Principal Payments:					
Tax Allocation Bonds and Notes					\$0
Revenue Bonds, Certificates of Participation, Financing Authority Bonds					\$0
City/County Advances and Loans					\$0
All Other Long-Term Debt					\$0
Total Expenditures	\$8,946,487	\$1,677,476	\$1,620,171	\$0	\$12,244,134
Excess (Deficiency) Revenues over (under) Expenditures	(\$1,969,372)	(\$1,549,733)	\$1,244,598	\$0	(\$2,274,507)

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year

2005

Project Area Name

Downtown Hayward Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Proceeds of Long-Term Debt					\$0
Proceeds of Refunding Bonds					\$0
Payment to Refunded Bond Escrow Agent					\$0
Advances from City/County					\$0
Sale of Fixed Assets	2,500,000				\$2,500,000
Miscellaneous Financing Sources (Uses)	-3,443,016				(\$3,443,016)
Operating Transfers In		1,645,176			\$1,645,176
Tax Increment Transfers In					\$0
Operating Transfers Out	1,645,176				\$1,645,176
Tax Increment Transfers Out					\$0
<i>(To the Low and Moderate Income Housing Fund)</i>					
Total Other Financing Sources (Uses)	(\$2,588,192)	\$1,645,176	\$0	\$0	(\$943,016)

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year

2005

Project Area Name

Downtown Hayward Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(\$4,557,564)	\$95,443	\$1,244,598	\$0	(\$3,217,523)
Equity, Beginning of Period	40,710,099	\$3,994,664	2,803,500	\$0	47,508,263
Prior Period Adjustments					\$0
Residual Equity Transfers					\$0
Other(Specify)	A	B	C	D	E
Total					
Other Total					
Equity, End of Period	36,152,535	4,090,107	\$4,594,813	\$0	44,290,740

Refresh

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Balance Sheet - Assets and Other Debits

Fiscal Year	2005	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long- Term Debt	General Fixed Assets	Total
Assets and Other Debits								
Cash and Imprest Cash		6,752,394	715,423	4,646,429				\$12,114,246
Cash with Fiscal Agent		31,191,100	3,374,684					\$34,565,784
Tax Increments Receivable								\$0
Accounts Receivable								\$0
Accrued Interest Receivable		19,295		11,779				\$31,074
Loans Receivable				3,250,372				\$3,250,372
Contracts Receivable								\$0
Lease Payments Receivable								\$0
Unearned Finance Charge								\$0
Due from Capital Projects Fund		637,555						\$637,555
Due from Debt Service Fund								\$0
Due from Low/Moderate Income Housing Fund								\$0
Due from Special Revenue/Other Funds								\$0

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Balance Sheet - Assets and Other Debits

Fiscal Year	2006	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long- Term Debt	General Fixed Assets	Total
Investments								\$0
Other Assets								\$0
Investments: Land Held for Resale		3,942,226						\$3,942,226
Allowance for Decline In Value of Land Held for Resale								\$0
Fixed Assets: Land, Structures, and Improvements							13,005,289	\$13,005,289
Equipment							7,069	\$7,069
Amount Available in Debt Service Fund						4,090,107		\$4,090,107
Amount to be Provided for Payment of Long-Term Debt						45,853,252		\$45,853,252
Total Assets and Other Debits		\$42,542,570	\$4,090,107	\$7,908,580	\$0	\$49,943,359	\$13,012,358	\$117,496,974

*(Must Equal Total Liabilities,
Other Credits, and Equities)*

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Balance Sheet - Liabilities and Other Credits

Fiscal Year	2005	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long- Term Debt	General Fixed Assets	Total
Liabilities and Other Credits								
Accounts Payable		562,855		626,671				\$1,189,526
Interest Payable								\$0
Tax Anticipation Notes Payable								\$0
Loans Payable		4,828,196		325,163				\$5,153,359
Other Liabilities		361,429		2,908,648				\$3,270,077
Due to Capital Projects Fund		637,555						\$637,555
Due to Debt Service Fund								\$0
Due to Low/Moderate Income Housing Fund								\$0
Due to Special Revenue/Other Funds		0						\$0
Tax Allocation Bonds Payable						44,790,000		\$44,790,000
Lease Revenue, Certificates of Participation Payable, Financing Authority Bonds								\$0
All Other Long-Term Debt						5,153,359		\$5,153,359
Total Liabilities and Other Credits		\$6,390,035	\$0	\$3,860,482	\$0	\$49,943,359		\$60,193,876

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Balance Sheet - Liabilities and Other Credits

Fiscal Year	2005	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long- Term Debt	General Fixed Assets	Total
Equities								
Investment In General Fixed Assets							13,012,358	\$13,012,358
Fund Balance Reserved		33,956,243	4,090,107	4,048,098				\$42,094,448
Fund Balance Unreserved-Designated								\$0
Fund Balance Unreserved-Undesignated		2,196,292						\$2,196,292
Total Equities		\$36,152,535	\$4,090,107	\$4,048,098	\$0		\$13,012,358	\$57,303,098
Total Liabilities, Other Credits, and Equities		\$42,542,570	\$4,090,107	\$7,908,580	\$0	\$49,943,359	\$13,012,358	\$117,496,974

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Summary, Combined Transfers In/Out

Fiscal Year	2005	
Operating Transfers In		\$1,645,176
Tax Increment Transfers In		\$0
Operating Transfers Out		\$1,645,176
Tax Increment Transfers Out		\$0

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

General Information

Fiscal Year 2005

Members of the Governing Body

	Last Name	First Name	Middle Initial
Chairperson	Cooper	Roberta	
Member	Ward	William	H
Member	Henson	Olden	P
Member	Dowling	Kevin	
Member	Halliday	Barbara	
Member	Jimenez	Matt	
Member	Quirk	Bill	
Member			
Member			
Member			

Mailing Address

Street 1 777 B Street
 Street 2
 City Hayward State CA Zip 94541-
 Phone (510) 583-4010 ☐ Is Address Changed?

Agency Officials

	Last Name	First Name	Middle Initial	Phone
Executive Director	Armas	Jesus		(510) 583-4300
Fiscal Officer	Lewis	Diane		(510) 583-4010
Secretary	Reyes	Angelina	M	(510) 583-4405

	Report Prepared By	Independent Auditor
Firm Name		Maze and Associates
Last	Gudino	Biggs
First	Henry	Corey
Middle Initial	J	A
Street	777 B Street	1931 San Miguel Drive, Suite 100
City	Hayward	Walnut Creek
State	CA	CA
Zip Code	94541-	94596-
Phone	(510) 583-4091	(925) 930-0902

Redevelopment Agency Of The City Of Hayward **Redevelopment Agencies Financial Transactions Report**

Achievement Information (Unaudited)

Fiscal Year 2005

**Indicate Only Those Achievements Completed During the Fiscal Year of this Report as a Direct Result
of the Activities of the Redevelopment Agency.**

Please provide a description of the agency's activities/accomplishments during the past year.

(Please be specific, as this information will be the basis for possible inclusion in the publication.)

Activity Report

Please see Project Area Report attached at back.

1) Completed two parking improvement projects in the downtown which created 78,000 square feet in new parking area:

- Municipal Lot 2 was expanded to create 88 new public parking spaces.
- An additional deck was added to the Downtown Parking structure which created 178 new parking spaces.

2) Renaissance Walk Housing development was completed which created 61,500 square feet of new housing. Through a Disposition and Development Agreement with the Agency, a total of 46 dwelling units were created, 22 of which were for moderate income residents.

3) Honda of Hayward constructed a new 9,100 square foot sales area and office through a Disposition and Development Agreement with the Agency for parcel assemblage.

Enter the amount of square footage completed this year by building type and segregated by new or rehabilitated construction.

Square Footage Completed

New Construction

Rehabilitated

Commercial Buildings

9,100

Industrial Buildings

Public Buildings

78,000

Other Buildings

61,500

Total Square Footage

148,600

0

Enter the Number of Jobs Created from the Activities of the Agency

Types Completed

A=Utilities B=Recreation C=Landscaping D=Sewer/ Storm E=Streets/ Roads
F=Bus/Transit

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Audit Information

Fiscal Year 2005

Was the Report Prepared from Audited Financial Data,
and Did You Submit a Copy of the Audit?

Yes

Indicate Financial Audit Opinion

Unqualified

If Financial Audit Is not yet Completed, What is the
Expected Completion Date?

If the Audit Opinion was Other than Unqualified, State
Briefly the Reason Given

Was a Compliance Audit Performed in Accordance with
Health and Safety Code Section 33080.1 and the State
Controller's Guidelines for Compliance Audits, and Did You
Submit a Copy of the Audit?

Yes

Indicate Compliance Audit Opinion

Unqualified

If Compliance Audit is not yet Completed, What is the
Expected Completion Date?

If compliance opinion includes exceptions, state
the areas of non-compliance, and describe the
agency's efforts to correct.

Redevelopment Agency Of The City Of Hayward Redevelopment Agencies Financial Transactions Report

Project Area Report

Fiscal Year **2005**

Project Area Name

Downtown Hayward Project Area

Please Provide a Brief Description of
the Activities for this Project Area
During the Reporting Year.

Activity Report

Forwarded from Prior Year ?

Yes

Enter Code for Type of Project Area Report

P

P = Standard Project Area Report

A = Administrative Fund

L = Low and Moderate Income Housing Fund

M = Mortgage Revenue Bond Program

O = Other Miscellaneous Funds or Programs

S = Proposed (Survey) Project Area

Does the Plan Include Tax Increment Provisions?

Yes

Date Project Area was Established (MM-DD-YY)

12/30/1975

Most Recent Date Project Area was Amended

6/26/2001

Did this Amendment Add New Territory?

Yes

Most Recent Date Project Area was Merged

Will this Project Area be Carried Forward to Next Year?

Yes

Established Time Limit :

Repayment of Indebtedness (Year Only)

2047

Effectiveness of Plan (Year Only)

2032

New Indebtedness (Year Only)

2021

Size of Project Area in Acres

1,348

Percentage of Land Vacant at the Inception of the Project Area

4.0

Health and Safety Code Section 33320.1 (xx.x%)

Percentage of Land Developed at the Inception of the Project Area

96.0

Health and Safety Code Section 33320.1 (xx.x%)

Objectives of the Project Area as Set Forth in the Project Area Plan

RCPO

(Enter the Appropriate Code(s) in Sequence as Shown)

R = Residential I = Industrial C = Commercial P = Public O = Other

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Assessed Valuation Data

Fiscal Year **2005**

Project Area Name

Downtown Hayward Project Area

Frozen Base Assessed Valuation

622,930,415

Increment Assessed Valuation

607,144,846

Total Assessed Valuation

1,230,075,261

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Pass-Through / School District Assistance

Fiscal Year 2005

Project Area Name Downtown Hayward Project Area

Amounts Paid To Taxing Agencies Pursuant To:	Tax Increment Pass Through Detail				Other Payments	
	H & S Code Section 33401	H & S Code Section 33676	H & S Code Section 33607	Total	H & S Code Section 33445	H & S Code Section 33445.5
County			79,337	\$79,337		
Cities				\$0		
School Districts			95,990	\$95,990		
Community College Districts			12,065	\$12,065		
Special Districts			729,520	\$729,520		
Total Paid to Taxing Agencies	\$0	\$0	\$916,912	\$916,912	\$0	\$0
Net Amount to Agency				\$6,118,773		
Gross Tax Increment Generated				7,035,685		

Redevelopment Agency of the City of Hayward
Redevelopment Agencies Financial Transactions Report
Pass-Through / School District Assistance

Fiscal Year 2005

Input Line Description	Column	Additional Record Info	Error Message
Total Paid to Taxing Agencies	C	Project Area Name = 'Downtown Hayward Project Area'	AB 1290 Pass-Through payments should be approximately 20% of Gross Tax Increment. Please correct or explain difference.

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year

2005

Project Area Name

Downtown Hayward Project Area

Forward from Prior Year

Yes

Bond Type

City/County Debt

Year of Authorization

1975

Principal Amount Authorized

12,009,333

Principal Amount Issued

12,009,333

Purpose of Issue

Property Acquisition

Maturity Date Beginning Year

1990

Maturity Date Ending Year

2013

Principal Amount Unmatured Beginning of Fiscal Year

\$6,745,461

Adjustment Made During Year

Adjustment Explanation

Interest Added to Principal

Principal Amount Issued During Fiscal Year

Principal Amount Matured During Fiscal Year

Principal Amount Defeased During Fiscal Year

Principal Amount Unmatured End of Fiscal Year

\$6,745,461

Principal Amount In Default

Interest In Default

Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US/State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year

2005

Project Area Name

Downtown Hayward Project Area

Forward from Prior Year

Yes

Bond Type

Tax Allocation Bonds

Year of Authorization

2004

Principal Amount Authorized

44,790,000

Principal Amount Issued

44,790,000

Purpose of Issue

New Capital Projects and Refunding

Maturity Date Beginning Year

2004

Maturity Date Ending Year

2034

Principal Amount Unmatured Beginning of Fiscal Year

\$44,790,000

Adjustment Made During Year

Adjustment Explanation

Interest Added to Principal

Principal Amount Issued During Fiscal Year

Principal Amount Matured During Fiscal Year

Principal Amount Defeased During Fiscal Year

Principal Amount Unmatured End of Fiscal Year

\$44,790,000

Principal Amount In Default

Interest In Default

Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US; State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
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LISTING OF LAND HELD FOR RESALE FY 2004-05

1. **Site Two** - bounded by "B" and "C" Streets, Watkins Street and the Downtown BART Station: approx. 31,910 sq. ft.
2. **Russell Way** - 24,242 sq. ft. vacant parcel held for resale. Property is now under a 5-year lease agreement.

Cannery Area – Properties are being assembled to facilitate the implementation of the Hayward Cannery Area Design Plan, particularly for a new school site, roadway and park improvements.

3. **203 C Street** – SF house on 25,908 sq. ft. lot, purchased 2/10/04.
4. **229 C Street** – SF house on 10,200 sq. ft. lot, purchased 4/11/02.
5. **231 C Street** – SF house on 9,180 sq. ft. lot, purchased 5/16/03.
6. **24083 Myrtle Street** – SF house on 5,025 sq. ft. lot, purchased on 11/8/02.
7. **245 C Street** – two SF houses on 6,250 sq. ft. lot, purchased 4/15/05.
8. **251 C Street** – SF house on 5,000 sq. ft. lot, purchased 3/17/05.
9. **271 C Street** – SF house on 8,875 sq. ft. lot, purchased 2/22/05.
10. **22737 Filbert Street** – SF house on 12,719 sq. ft. lot, purchased 4/15/05.

LISTING OF OTHER AGENCY-OWNED PROPERTIES

1. **Municipal Lot #10** - 18,750 sq. ft. municipal parking lot. "C" Street and Mission Blvd.
2. **Municipal Parking Structure** - 498-space municipal parking structure on approximately 63,500 sq. ft. lot. Located between Mission Blvd and Watkins Street.
3. **22852 Foothill Boulevard** - 20,313 sq. ft. landscaped lot in a street median/gateway area on the Hayward fault line.
4. **Hayward Civic Center** - Public Paseo and Plaza area at "B" and Watkins Street: approx. 89,792 sq. ft.
5. **1025 A Street & 1027 A Street** – Partial acquisition of land at 1025 A Street (6210± sq. ft.) and full acquisition of land at 1027 A Street, to expand Municipal Lot #2, purchased 5/11/05.

6. **1077 A Street** – Partial acquisition (2,840± sq. ft.) of land and access easement to expand Municipal Lot #2, purchased 5/11/05.
7. **B and Foothill (Cinema Place)** – 27,912 sq. ft. commercial building on 2.24 acre property, purchased on 10/17/02. (Subsequent to year-end, Agency Board approved entering into a DDA and long-term ground lease with Blake-Hunt Ventures for retail/entertainment complex.)
8. **Construction in progress** – expenditures capitalized for projects not completed as of June 30, 2005 including Downtown parking improvements, Cinema Place, and Cannery Area activities.

Project Area Report FY 2004-05

In fiscal year 2004-05 to date the Hayward Redevelopment Agency initiated or continued work on the following activities.

The Olson Company, under a Disposition and Development Agreement with the Agency, continued construction of the Renaissance Walk housing development. It consists of 46 owner-occupied dwelling units with 24 market-rate town homes and 22 flats that are affordable for moderate-income households. All of the units have been sold and are pending occupancy near the end of the FY 2004-05. The site was sold to Olson for \$2,000,000 and the Agency carried back a note in the amount of \$2,546,714.56, which accounts for the sale price and an additional amount for deferred City building permit fees. The Agency will be repaid as the Developer closes escrow on the completed units.

The Agency approved an Amended Disposition and Development Agreement (DDA) and long-term ground lease with Blake-Hunt Ventures for the Agency-owned site at the corner of B Street and Foothill Boulevard that was a former Albertsons supermarket. The original DDA was approved in July 2004 and the Amended DDA was approved in May 2005. Blake-Hunt proposes developing the site with a two-story, 55,000 square foot, retail/entertainment complex called Cinema Place. The anchor tenant will be a 12-screen movie theater operated by Century Theatres, and there will be an additional 19,500 square feet of restaurant and retail space. A three-level parking garage will be constructed on the rear of the site, which is planned to serve onsite businesses and to provide public parking. The site will be subdivided into two parcels, and the Agency will lease the front two-thirds of the site to Blake-Hunt for a period of 50 years, plus two 5-year renewal options. The Agency's cost for this project includes approximately \$5.5 Million for the public parking and \$3.5 Million for the property (previously acquired). Construction is expected to commence in summer 2006.

In an effort to provide more parking for downtown businesses and also for theater patrons at Cinema Place, the Agency embarked on the upgrading of two major parking facilities in the downtown. One was the expansion of Municipal Parking Lot Two which is an existing surface level parking lot in a downtown block across the street from the proposed Cinema Place site. Plans were developed to expand and reconfigure the parking lot, which entailed the acquisition of privately owned land immediately to the north of the lot. The Agency acquired the property this year for \$818,000, and the construction cost was approximately \$900,000 for a total cost of approximately \$1.7 million. The parking lot originally had 92 spaces, and as reconfigured it has parking for 180 vehicles. Additionally, if future demand for parking warrants it, a multi-level parking structure could be built on the expanded lot. Construction commenced on expanding the lot in April 2005 and was completed in early July 2005.

The second parking project was the addition of a third level to the Downtown Parking Structure. This two-level structure, which was built in 1998, had 320 parking spaces and it was designed to accommodate an additional deck. Plans for the additional deck were completed and approved this fiscal year. Construction started in January 2005 and was completed in early July 2005. The construction cost of \$3.5 million was funded through

the Agency's 2004 tax allocation bonds. The additional deck added 178 parking spaces which brought the structure capacity to 498 parking spaces.

When the Downtown Parking Structure was originally built it included an 11,500 square foot retail component along the B Street frontage between Mission Boulevard and Watkins Street. Over the past five years the building was fully leased out with seven tenants. Subsequently, the Agency Board directed staff to market the retail center for sale. A total of 45 bids were received. A bid of \$3,650,000 was accepted and escrow closed in March 2005.

The Agency is continuing its efforts to implement the Cannery Area Design Plan. The focus is on the construction of a new elementary school to replace Burbank School, the expansion of Cannery Park, and the construction of streets and parking surrounding these facilities. The new school is proposed to be built immediately adjacent to its existing location and the Agency acquired four more parcels for the school site this fiscal year. The Agency/City is working closely with the Hayward Unified School District to get approval from the State for the site of the new school. Additionally, the Agency/City has made offers to purchase privately owned land, which will be needed for the new streets and related infrastructure, expanded park facilities, and a portion of the school playground. Additionally, two developers have submitted applications for developing housing on the southern and eastern edge of the former cannery. The Felson Companies has submitted a proposal to develop 349 residential units and Citation Homes is interested in developing approximately 279 residential units.

The Agency issued a Request for Proposals and subsequently contracted with a consultant team this fiscal year to develop a conceptual design plan for the South Hayward BART Station/Mission Boulevard area. The study area comprises approximately 240 acres centrally located in the broader Mission/Foothill sub-area that was added to the project area in 2001. The design plan is intended to promote transit-oriented development and explores the feasibility of creating-mixed-use residential/commercial development within walking distance of the South Hayward BART Station and also to evaluate development potential on vacant and underutilized properties along Mission Boulevard between Harder Road and Industrial Parkway. The concept plan is anticipated to be adopted in the spring 2006.

With respect to affordable housing activities, the Agency approved a loan to Eden Housing, Inc. in the amount of \$1.75 million from the Low and Moderate Income Housing Fund to develop Sara Connor Court. This project will create 57 units of rental housing affordable to families with incomes from 30% to 60% of median household income. The total project cost will be approximately \$18.6 million. The site has been cleared and construction has started on the project. Approximately \$1,120,000 was advanced on the loan in FY 2004-05 (the remaining balance was funded this fiscal year). In addition, the First-Time Homebuyer program completed one loan in FY 2004-05. This program is also funded by the Low and Moderate Income Housing Fund.

Agency's Progress in Alleviating Blight
(Pursuant to H&S 33080.I (d), (e), and (f))

As noted above, the Agency continues to make progress in alleviating blight in several specific ways. The Agency also initiated due diligence to acquire the last building in the downtown that is constructed of unreinforced masonry. The building is in violation of an ordinance passed by the City that mandates the seismic retrofit of buildings of this type of construction. In addition, the building is a blight on and hazard to the downtown with considerable deferred maintenance. The Agency had the building appraised and has submitted an offer to the property owner, which at this time has not been accepted. Hence, in May 2005, the Agency adopted a resolution of necessity to initiate eminent domain proceedings to acquire the property.

Finally, it should be noted that the Agency is diligent in its efforts to maintain the properties that it has acquired for redevelopment purposes. This effort is both necessary and worthwhile in order to avoid adding to existing blighting conditions, while preparations are being made for the redevelopment of these properties.

Status of Agency Loans
(Pursuant to H&S 33080.I (d), (e), and (f))

The Agency is not in default on any loans, nor is it out of compliance with respect to any of its existing debt.

APPENDIX C

DESCRIPTION OF AGENCY'S ACTIVITIES AFFECTING HOUSING AND DISPLACEMENT

Redevelopment Agency of the City of Hayward

December 2005

CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
REDEVELOPMENT AGENCY ANNUAL HOUSING ACTIVITY REPORT
FY ENDING: June / 30 / 2005

Agency Name and Address:

County of Jurisdiction:

Redevelopment Agency of the City of Hayward Alameda
777 B Street
Hayward, CA 94541

Health & Safety Code Section 33080.1 requires agencies to annually report on their Low & Moderate Income Housing Fund and housing activities for the Department of Housing and Community Development (HCD) to report on agencies' activities in accordance with Section 33080.6. Section 33080.3 specifies agencies must send this form, HCD Schedules, and an Audit report to the State Controller.

Please answer each question below. Your answers determine which HCD SCHEDULES must be completed in order for the agency to fulfill the statutory requirement to report LMIHF housing activity and fund balances for the reporting period.

1. Check one of the items below to identify the Agency's status at the end of the reporting period:
☐ New (Agency formation occurred during reporting year. No financial transactions were completed).
☒ Active (Financial and/or housing transactions occurred during the reporting year)
☐ Inactive (No financial and/or housing transactions occurred during the reporting year). ONLY COMPLETE ITEM 7
☐ Dismantled (Agency adopted an ordinance to dissolve itself). ONLY COMPLETE ITEM 7
2. How many adopted project areas did the agency have during the reporting period? 1
How many project areas were merged during the reporting period? _____
If the agency has one or more adopted project areas, complete SCHEDULE HCD-A for each project area.
If the agency has no adopted project areas, DO NOT complete SCHEDULE HCD-A.
3. Within an area outside of any adopted redevelopment project area(s): (a) did the agency destroy or remove any dwelling units or displace any households over the reporting period, (b) does the agency intend to displace any households over the next reporting period, (c) did the agency permit the sale of any owner-occupied unit prior to the expiration of land use controls over the reporting period, and/or (d) did the agency execute a contract or agreement for the construction of any affordable units over the next two years?
☐ Yes (any question). Complete SCHEDULE HCD-B.
☒ No (all questions). DO NOT complete SCHEDULE HCD-B.
4. Did the agency have any funds in the Low & Moderate Income Housing Fund during the reporting period?
☒ Yes. Complete SCHEDULE HCD-C.
☐ No. DO NOT complete SCHEDULE HCD-C.
5. During the reporting period, were housing units completed within a project area and/or assisted by the agency outside a project area?
☒ Yes. Complete all applicable HCD SCHEDULES D1-D7 for each housing project completed and HCD SCHEDULE E.
☐ No. DO NOT complete HCD SCHEDULES D1-D7 or HCD SCHEDULE E.
6. Indicate whether HCD financial and housing activity information has been reported using method A and/or B checked below:
☐ A. Forms. All required HCD SCHEDULES A, B, C, D1-D7, and E are attached.
☒ B. On-line (<http://www.hcd.ca.gov/rda/>) "Lock Report" date: _____ HCD SCHEDULES not required.
(lock date is shown under "Admin" Area and "Report Change History")
7. To the best of my knowledge: (a) the representations made above and (b) agency information reported are correct.

Date

Signature of Authorized Agency Representative

City Manager/Executive Director
Title

(510) 583-4300

Telephone Number

- **IF NOT REQUIRED TO REPORT, SUBMIT ONLY A PAPER COPY OF THIS PAGE.**
- **IF REQUIRED TO REPORT, AND REPORTING BY USING PAPER COPY SCHEDULES, SUBMIT THIS PAGE AND ALL APPLICABLE HCD FORMS (SCHEDULES A-E)**
- **IF REPORTING ON-LINE, PROOF OF ELECTRONIC REPORTING IS "CONFIRMATION LETTER" UPON LOCKING REPORT**
- **BOTH PAPER COPY REPORTING AND ON-LINE REPORTING REQUIRE A COPY OF THE AUDIT REPORT BE SENT TO:**

THE STATE CONTROLLER
Division of Accounting and Reporting
Local Government Reporting Section
3301 C Street, Suite 500-Sacramento, CA 95816

California Redevelopment Agencies-Fiscal Year 2004/2005
 Project Area Contributions to Low and Moderate Income Housing Funds
 Sch A Project Area Summary Report
 HAYWARD RDA

Project Area	100% of Tax Increment	20% Set Aside Requirement	Tax Increment Allocated	Amount Exempted	Deferral	Tax Incr. Deposited to Hsng Fund	Percent of Tax Incr Dep	Repayment Deferrals	Other Income	Total Deposited to Housing
DOWNTOWN HAYWARD PROJECT	\$7,035,685	\$1,407,137	\$1,407,138	\$0	\$0	\$1,407,138	20.00%	\$0	\$1,457,632	\$2,864,770
Agency Totals:	\$7,035,685	\$1,407,137	\$1,407,138	\$0	\$0	\$1,407,138	20.00%	\$0	\$1,457,632	\$2,864,770

Note: Print this report in Landscape Orientation (Use the Print Icon just above, then Properties then Landscape)

Agency HAYWARD RDA
Address 777 B Street
Hayward CA 94541

Type: Inside Project Area	Status: Active
Plan Adoption: 1975	Plan Expiration Year: 2043

<u>Gross Tax Increment</u>	<u>Calculated Deposit</u>	<u>Amount Allocated</u>	<u>Amount Exempted</u>	<u>Amount Deferred</u>	<u>Total Deposited</u>	<u>%</u>	<u>Cumulative Def.</u>
\$7,035,685	\$1,407,137	\$1,407,138	\$0	\$0	\$1,407,138	20.00%	\$0
				Repayment	\$0		
				<u>Category</u>			
				Interest Income	\$114,366		
				Loan Repayments	\$128,480		
				Sale of Real Estate	\$1,214,786		
				Total Additional Revenue	\$1,457,632		
				Total Housing Fund Deposits for Project Area	\$2,864,770		

<u>Gross Tax Increment</u>	<u>Calculated Deposit</u>	<u>Amount Allocated</u>	<u>Amount Exempted</u>	<u>Amount Deferred</u>	<u>Total Deposited</u>	<u>%</u>	<u>Cumulative Def.</u>
\$7,035,685	\$1,407,137	\$1,407,138	\$0	\$0	\$1,407,138	20%	\$0

Total Additional Revenue from Project Areas:	\$1,457,632
Total Deferral Repayments:	\$0
Total Deposit to Housing Fund from Project Areas:	\$2,864,770

**California Redevelopment Agencies - Fiscal Year 2004/2005
Sch A/B Project Area Program Information
HAYWARD RDA**

Project Area: DOWNTOWN HAYWARD PROJECT

UNITS LOST

<u>Reporting Period: Current</u>	<u>Very Low</u>	<u>Low</u>	<u>Moderate</u>	<u>Above Moderate</u>	<u>Total</u>
<u>Redevelopment</u>					
Category Bedrooms Lost - Not Required to be Replaced	0	0	0	11	11
Category Bedrooms Lost - Required to be Replaced	0	0	7	0	7
Category Households Removed - Non Elderly	0	0	4	4	8
Category Units Lost - Not Required to be Replaced	0	0	0	4	4
Category Units Lost - Required to be Replaced	0	0	4	0	4

REPLACEMENT HOUSING PLAN

<u>Report Period</u>	<u>Custodian Name</u>	<u>Adoption Date</u>
Current	Hayward Redevelopment Agency	19-JUL-05

FUTURE UNIT CONSTRUCTION

<u>Contract Name</u>	<u>Execution Date</u>	<u>Estimated Completion Date</u>	<u>Very Low</u>	<u>Low</u>	<u>Moderate</u>	<u>Total</u>
Eden Housing/Sara Conner Court	09/15/04	07/20/06	57	0	0	57

**California Redevelopment Agencies - Fiscal Year 2004/2005
Status of Low and Moderate Income Housing Funds
Sch C Agency Financial Summary
HAYWARD RDA**

Adjusted Beginning Balance	Project Area Receipts	Agency Other Revenue	Total Expenses	Net Resources Available	Other Housing Fund Assets	Total Housing Fund Assets	Encum- brances	* Unen- cumbered Balance	Unen- cumbered Designated	Unen- cumbered Not Dsgntd
\$2,803,500	\$2,864,770	\$0	\$1,620,171	\$4,048,099	\$3,183,710	\$7,231,809	\$0	\$4,048,099	\$0	\$4,048,099

Expenses	Planning and Administration Costs	Property Acquisition	Subsidies	Total
2004/2005	\$123,104	\$356,793	\$1,140,274	\$1,620,171

*The Unencumbered Balance is equal to Net Resources Available minus Encumbrances

Note: Print this report in Landscape Orientation (Use the Print Icon just above, then Properties then Landscape)

California Redevelopment Agencies - Fiscal Year 2004/2005
Status of Low and Moderate Income Housing Funds
Sch C Agency Financial and Program Detail
HAYWARD RDA

	Beginning Balance	\$2,803,500
	Adjustment to Beginning Balance	\$0
	Adjusted Beginning Balance	\$2,803,500
Total Tax Increment From PA(s)	\$1,407,138	
	Total Receipts from PA(s)	\$2,864,770
	Other Revenues not reported on Schedule A	\$0
	Sum of Beginning Balance and Revenues	\$5,668,270

<u>Expenditure</u>	<u>Subitem</u>	<u>Amount</u>	<u>Remark</u>
Planning and Administration Costs			
Administration Costs		\$123,104	
	Subtotal of Planning and Administration Costs	\$123,104	
Property Acquisition			
Acquisition Expense		\$356,793	
	Subtotal of Property Acquisition	\$356,793	
Subsidies from the LMIHF			
1st Time Homebuyer Down Payment Assistance		\$20,000	
Other		\$1,120,274	Loan to Eden Housing, Inc., a non-profit housing developer, for the development of Sara Conner Court with 57 affordable rental units.
	Subtotal of Subsidies from the LMIHF	\$1,140,274	
	Total Expenditures	\$1,620,171	

Net Resources Available	\$4,048,099
Indebtedness For Setasides Deferred	\$0

California Redevelopment Agencies - Fiscal Year 2004/2005
Status of Low and Moderate Income Housing Funds
Sch C Agency Financial and Program Detail
HAYWARD RDA

Other Housing Fund Assets		
<u>Category</u>	<u>Amount</u>	<u>Remark</u>
Loan Receivable for Housing Activities	\$3,183,710	
Total Other Housing Fund Assets	\$3,183,710	

Total Fund Equity \$7,231,809

2000/2001	\$519891			
2001/2002	\$745635			
2002/2003	\$1022681	sum of 4 Previous Years'	Prior Year Ending	Excess Surplus for
2003/2004	\$1227726	Tax Increment for 2004/2005	Unencumbered Balance	2004/2005
		\$3515933	\$2,803,500	\$0

Sum of Current and 3 Previous Years' Tax Increments	\$4,403,180
Adjusted Balance	\$4,048,099
Excess Surplus for next year	\$0
Net Resources Available	\$4,048,099
Unencumbered Designated	\$0
Unencumbered Undesignated	\$4,048,099
Total Encumbrances	\$0
Unencumbered Balance	\$4,048,099
Unencumbered Balance Adjusted for Debt Proceeds	\$0
Unencumbered Balance Adjusted for Land Sales	\$0
Excess Surplus Expenditure Plan	No
Excess Surplus Plan Adoption Date	

Site Improvement Activities Benefiting Households				
<u>Income Level</u>	<u>Low</u>	<u>Very Low</u>	<u>Moderate</u>	<u>Total</u>

Land Held for Future Development					
<u>Site Name</u>	<u>Num Of Acres</u>	<u>Zoning</u>	<u>Purchase Date</u>	<u>Estimated Start Date</u>	<u>Remark</u>

Use of the Housing Fund to Assist Mortgageors

California Redevelopment Agencies - Fiscal Year 2004/2005
 Status of Low and Moderate Income Housing Funds
 Sch C Agency Financial and Program Detail
 HAYWARD RDA

Income Adjustment Factor Requirements Completed

Home \$ Hope \$

Non Housing Redevelopment Funds Usage

Resource Needs

LMIHF Deposits/Withdrawals

<u>Document Name</u>	<u>Document Date</u>	<u>Custodian Name</u>	<u>Custodian Phone</u>	<u>Copy Source</u>
City of Hayward General Ledger	30-JUN-05	Diane Lewis	(510) 583-4010	City of Hayward Finance Department

Achievements

Description

**California Redevelopment Agencies - Fiscal Year 2004/2005
Sch D General Project Information
HAYWARD RDA**

Project Area Name: DOWNTOWN HAYWARD PROJECT

Project Name: Renaissance Walk
Address: Watkins & D Hayward 94541
Owner Name: units are individually owned (owner-occupied)

UNIT INVENTORY

			<u>Very Low</u>	<u>Low</u>	<u>Moderate</u>	<u>Above Mod</u>	<u>Became Ineligible</u>	<u>Total</u>
<u>Inclusionary</u>								
<u>Unit</u>								
New Construction								
Non-Agency	Owner	Non-Elderly	0	0	22	0	0	22
<u>Other Provided without LMIHF</u>								
<u>Unit</u>								
New Construction								
Non-Agency	Owner	Non-Elderly	0	0	0	24	0	24
Unit Total			0	0	22	24	0	46

California Redevelopment Agencies - Fiscal Year 2004/2005
Sch D General Project Information
HAYWARD RDA

Project Area Name: OUTSIDE PROJECT AREA

Project Name: First Time Homebuyer Program

Address: 777 B StreetHayward 94541

PROJECT FUNDING SOURCE

<u>Funding Source</u>	<u>Amount</u>
Redevelopment Funds	\$20,000
State Funds	\$25,000
Private Funds	\$177,275

SCHEDULE HCD E1
CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES
 (This Form is Information Only: Actual Obligation is based on Implementation Plan)

Report Year: 2004/2005

Agency: HAYWARD RDA

Project Area: DOWNTOWN HAYWARD PROJECT

Project: GRAND TERRACE

NOTE: This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).

PART I
 [H & SC Section 33413(b)(1)]
AGENCY DEVELOPED

1. New Units	0
2. Substantially Rehabilitated Units	0
3. Subtotal - Baseline of Units (add line 1 & 2)	0
4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)	0
5. Subtotal of Inclusionary Obligation Accrued this year for <u>Very-Low</u> Income Units (line 4 x 50%)	0

PART II
 [H & SC Section 33413(b)(2)]
NON-AGENCY DEVELOPED UNITS

6. New Units	120
7. Substantially Rehabilitated Units	0
8. Subtotal - Baseline of Units (add lines 6 & 7)	120
9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)	18
10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%)	7

PART III
TOTALS

11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)	18
12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10)	7

SCHEDULE HCD E1
CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES
(This Form is Information Only: Actual Obligation is based on Implementation Plan)

Report Year: 2004/2005

Agency: HAYWARD RDA

Project Area: DOWNTOWN HAYWARD PROJECT

Project: RENAISSANCE WALK

NOTE: This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).

PART I
[H & SC Section 33413(b)(1)]
AGENCY DEVELOPED

1. New Units	0
2. Substantially Rehabilitated Units	0
3. Subtotal - Baseline of Units (add line 1 & 2)	0
4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)	0
5. Subtotal of Inclusionary Obligation Accrued this year for <u>Very-Low</u> Income Units (line 4 x 50%)	0

PART II
[H & SC Section 33413(b)(2)]
NON-AGENCY DEVELOPED UNITS

6. New Units	46
7. Substantially Rehabilitated Units	0
8. Subtotal - Baseline of Units (add lines 6 & 7)	46
9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)	7
10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%)	3

PART III
TOTALS

11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)	7
12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10)	3

SCHEDULE HCD E1
CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES
(This Form Is Information Only: Actual Obligation is based on Implementation Plan)

Report Year: 2004/2005

Agency: HAYWARD RDA

Project Area: DOWNTOWN HAYWARD PROJECT

Project: STUDIO WALK - ATHERTON & D STREET

NOTE: This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).

PART I

[H & SC Section 33413(b)(1)]
AGENCY DEVELOPED

1. New Units	0
2. Substantially Rehabilitated Units	0
3. Subtotal - Baseline of Units (add line 1 & 2)	0
4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)	0
5. Subtotal of Inclusionary Obligation Accrued this year for <u>Very-Low</u> Income Units (line 4 x 50%)	0

PART II

[H & SC Section 33413(b)(2)]
NON-AGENCY DEVELOPED UNITS

6. New Units	61
7. Substantially Rehabilitated Units	0
8. Subtotal - Baseline of Units (add lines 6 & 7)	61
9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)	9
10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%)	4

PART III
TOTALS

11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)	9
12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10)	4

SCHEDULE HCD E
CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES
 (This Form is Information Only: Actual Obligation is based on Implementation Plan)

Report Year: 2004/2005

Agency: HAYWARD RDA

NOTE: This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).

PART I
 [H & SC Section 33413(b)(1)]
AGENCY DEVELOPED

1. New Units	0
2. Substantially Rehabilitated Units	0
3. Subtotal - Baseline of Units (add line 1 & 2)	0
4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)	0
5. Subtotal of Inclusionary Obligation Accrued this year for <u>Very-Low</u> Income Units (line 4 x 50%)	0

PART II
 [H & SC Section 33413(b)(2)]
NON-AGENCY DEVELOPED UNITS

6. New Units	227
7. Substantially Rehabilitated Units	0
8. Subtotal - Baseline of Units (add lines 6 & 7)	227
9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)	34
10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%)	14

PART III
TOTALS

11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)	34
12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10)	14

APPENDIX D
STATEMENT OF INDEBTEDNESS

Redevelopment Agency of the City of Hayward

December 2005

**STATEMENT OF INDEBTEDNESS - CONSOLIDATED
FILED FOR THE 2005-2006 TAX YEAR**

Cover Page

Name of Redevelopment Agency Hayward Redevelopment Agency
Name of Project Area Downtown Hayward Redevelopment Project Area

	Line	Current	
		Total Outstanding Debt	Principal/Interest Due During Tax Year
Fiscal Period - Totals (Optional)	(1)	120,867,686	6,400,180
Post Fiscal Period - Totals	(2)		
Grand Totals	(3)	120,867,686	6,400,180
Available Revenues			
From Calculation of Available Revenues, Line 7	(4)	4,999,107	
Net Requirement	(5)	116,777,579	

Balances Carried Forward From:

Consolidate on this form all of the data contained on Form A and B (including supplemental pages). Form A is to include all indebtedness entered into as of June 30 of the Fiscal Year. Form B may be filed at the option of the agency, and is to include indebtedness entered into post June 30 of the Fiscal Year, pursuant to Health and Safety Code Section 33675(c)(2). This is optional for each agency and is not a requirement for filing the Statement of Indebtedness. The Reconciliation Statement is to include indebtedness from Form A only.

Certification of Chief Financial Officer:
Pursuant to Section 33675 (b) of the Health and Safety Code,
I hereby certify that the above is a true and accurate Statement
of Indebtedness for the above named agency.

Diane Lewis Finance Director, Acting
Name Title
Diane Lewis 10/03/05
Signature Date

STATEMENT OF INDEBTEDNESS - FISCAL YEAR INDEBTEDNESS
FILED FOR THE 2005-2006 TAX YEAR

Name of Redevelopment Agency: Hayward Redevelopment Agency
Name of Project Area: Downtown Hayward Redevelopment Project Area

For Indebtedness Entered into as of June 30, 2005

Debt Identification	Date As of	Principal Based on O/S Debt	Original Data		Interest Rate	Total Interest	Current	
			Term Until	Fold			Total Outstanding Debt	Principal/Interest Due During Tax Year
A 20% Low & Mod Income Housing Set-Aside Required by H & S Code	6/30/2005				N/A	N/A	24,218,948	1,500,000
B 2004 RDA Tax Allocation Bonds Advance from City of Hayward -	5/20/2004	44,790,000	3/1/2027		3% - 5.33%	35,677,904	78,824,328	2,794,582
C Water Enterprise Fund Loan Advance from City of Hayward -	6/1/1990	5,946,333	6/1/2013		7.506%	N/A	2,478,196	944,000
D Sewer Fund Loan Advance from City of Hayward -	6/30/2003	2,350,000	3/31/2010		2.25% - 3%	396,253	2,350,880	71,297
E Deferred Development Fee	6/30/2004	546,715	7/30/2005		N/A	N/A	325,163	325,163
F Repayment Agreement from City	7/30/2000	14,386,217	Until Paid		N/A	N/A	11,186,217	0
G Due to Other Governments Advance from City of Hayward -	As of 6/30/2005	Based on Fiscal Year End	Until Paid		N/A	N/A	320,596	0
H Repayment Agmt (Water & Sewer) Advance from City of Hayward -	11/7/1998	3,200,000	6/30/2005		Varies	379,954	0	0
I Workers' Compensation Insurance Fund	8/31/1993	513,900	6/30/2004		Varies	N/A	0	0
J 1994-95 ERAF Payment	6/30/1995	133,176	5/30/2005		N/A	N/A	0	0
K Payables from Operations - Tax year	As of 6/30/2005	N/A	1 Yr.		N/A	N/A	1,165,136	1,165,136
Subtotal, this page							120,867,686	6,400,180
Totals forward From All Other Pages							0	0
Totals, Fiscal Year Indebtedness							120,867,686	6,400,180

Purpose of Indebtedness:

- A Low & Mod Income Housing Set-Aside pursuant to H&S Sec. 3334.2
- B Finance various redevelopment projects
- C Finance various redevelopment projects
- D Downtown sidewalk & streetscape project - phase II
- E Construction of housing units
- F Redevelopment project costs advanced by the city

G Accrued liability reserve due to other governments

H Construct Parking Garage & Purchase Property South of City Hall

I Finance various redevelopment projects

J Pursuant to Health and Safety Code Section 33681

K Tax Year operating requirements

RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Name of Agency
Name of Project Area

Hayward Redevelopment Agency
Downtown Hayward Redevelopment Project Area

Tax Year 2005 -2006

Reconciliation Dates: From July 1, 2004 To June 30, 2005

Debt Identification:		A		B		C		D		E		F
		Outstanding Debt		Increases		Decreases		Amounts Paid Against		Remaining		
		All Beginning		(Attach Explanation)		(Attach Explanation)		Indebtedness, from:		Balance		
		Indebtedness						Tax Increment		(A+B-C-D-E)		
Brief Description		15,308,499		10,316,686				1,407,137		24,218,048		
20% Low & Mod Income Housing		80,467,994						1,643,576		78,824,328		
Set-Aside Required by H & S Code		2,803,196		208,300				533,300		2,478,196		
2004 RDA Tax Allocation Bonds		2,350,000		71,297				71,297		2,350,000		
Advance from City of Hayward -				546,715						325,163		
Water Enterprise Fund Loan		11,186,217								11,186,217		
Advance from City of Hayward -				320,596						320,596		
Deferred Development Fee				7,372				849,324				
Repayment Agreement from City		841,952		5,314		1,894		208,912				
Due to Other Governments		205,492				133,176						
Advance from City of Hayward -		133,176										
Repayment Agmt (Water & Sewer)				685,578				1,545,554		33,899		1,165,138
Advance from City of Hayward -		2,059,013										
Workers' Compensation Insurance For		115,355,449		12,161,858		135,070		6,259,100		255,451		120,867,686
1994-95 ERAF Payment								776,584				
Payables from Operations - Tax year												
TOTAL THIS PAGE												
TOTALS FORWARD												
GRAND TOTALS												

NOTE: This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOI From A is to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is listed on. If the indebtedness is new to the fiscal year, enter "new" in the "Prior Yr" page and line columns. Column F must equal the current SOI, Form A Total Outstanding Debt column.

RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Reconciliation Dates: From July 1, 2004 To June 30, 2005

Tax Year 2015-2016

NOTE: This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 --June 30 fiscal year period, only those items included on the SOI Form A to be included in this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is listed on. If the indebtedness is new to the fiscal year, enter "New" in the "Prior Yr" page and line columns. Column F must equal the current SOI, Form A Total Outstanding Debt column.

EXPLANATIONS OF INCREASES/DECREASES FROM RECONCILIATION STATEMENT

Page 1 of 1

Name of Agency Hayward Redevelopment Agency
 Name of Project Area Downtown Hayward Redevelopment Project Area

Tax Year 2005 -2006

Reconciliation Statement References		Brief Description	Explanation
Current Yr			
Pg 1			
Line A			
Pg 1			Increase - Adjust set-aside relative to RDA outstanding debt
Line C			
Pg 1			Increase - Fiscal year accrued interest
Line D			
Pg 1			Increase - Fiscal year accrued interest
Line E			
Pg 1			Increase - Adjustment made after prior SOI filed with County
Line G			
Pg 1			Increase - Accrued liability reserve due to other governments
Line H			
Pg 1			Increase - Fiscal year accrued interest
Line I			
Pg 1			Increase - Fiscal year accrued interest
Line J			
Pg 1			Decrease - Adjust to prior year audited number
Line J			
Pg 1			Decrease - RDA Interfund Transfer - Not debt
Line K			
Pg 2			Increase - Adjust to year end payable estimate
Line A			
Pg 2			Increase - Fiscal year pass-thru obligations
Line B			
			Increase - Fiscal year ERAF Shift Obligation

Rev. 7/62050

CALCULATION OF AVAILABLE REVENUES

Name of Agency Hayward Redevelopment Agency
 Name of Project Area Downtown Hayward Redevelopment Project Area

Tax Year 2005 -2006

Reconciliation Dates: From July 1, 2004 To June 30, 2005

1 . Beginning Balance, Available Revenues (See Instructions)	<u>50</u>
RDA Debt Service Fund Prior Period Balance Adjustment	<u>3,994,663</u>
2 . Tax Increment Received - Gross All Tax Increment Revenues, to include any Tax Increment passed through to other local taxing agencies.	<u>7,035,684</u>
3 . All other Available Revenues Received (See Instructions)	<u>129,343</u>
4 . Revenues from any other source, included in Column E of the Reconciliation Statement, but not included in (1-3) above	<u>221,552</u>
5 . Sum of Lines 1 through 4	<u>11,381,242</u>
6 . Total amounts paid against indebtedness in previous year. (D + E on Reconciliation Statement)	<u>7,291,135</u>
7 . Available Revenues, End of Year (5 - 6) FORWARD THIS AMOUNT TO STATEMENT ON INDEBTEDNESS, COVER PAGE, LINE 4	<u>54,090,107</u>

NOTES

Tax Increment Revenues:

The only amount(s) to be excluded as Tax Increment Revenue are any amounts passed through to other local taxing agencies pursuant to Health and Safety Code Section 33676. Tax increment Revenues set-aside in the Low and Moderate Income Housing Fund will be washed in the above calculation, and therefore omitted from Available Revenues at year end.

Item 4. above:

This represents any payments from any source other than Tax Increment OR available revenues. For instance, an agency funds a project with a bond issue. The previous SOI included a Disposition and Development Agreement (DDA) which was fully satisfied with these bond proceeds. The DDA would be shown on the Reconciliation Statement as fully repaid under the "other" column (Col E), but with funds that were neither Tax Increment, nor "Available Revenues" as defined. The amounts used to satisfy this DDA would be included on line 4 above in order to accurately determine ending "Available Revenues".

DRAFT

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

RESOLUTION NO. RA- 05-

Introduced by Agency Member _____

RESOLUTION ADOPTING THE ANNUAL REPORT OF
REDEVELOPMENT AGENCY ACTIVITIES FOR FISCAL
YEAR 2004-05

BE IT RESOLVED by the Redevelopment Agency of the City of Hayward that it does hereby adopt the "Annual Report of Redevelopment Agency Activities for FY 2004-05" and directs that the report be filed with the Office of the State Controller.

BE IT FURTHER RESOLVED that the Redevelopment Agency of the City of Hayward hereby forwards a copy of the annual report to the City Council of the City of Hayward for its review and appropriate action.

HAYWARD, CALIFORNIA _____, 2005

ADOPTED BY THE FOLLOWING VOTE:

AYES: AGENCY MEMBERS:

CHAIR :

NOES: AGENCY MEMBERS:

ABSTAIN: AGENCY MEMBERS:

ABSENT: AGENCY MEMBERS:

ATTEST: _____
Secretary of the Redevelopment Agency
of the City of Hayward

APPROVED AS TO FORM:

General Counsel

DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. 05-

Introduced by Council Member _____

RESOLUTION ADOPTING THE ANNUAL REPORT OF
REDEVELOPMENT AGENCY ACTIVITIES FOR FISCAL
YEAR 2004-05

BE IT RESOLVED that the City Council of the City of Hayward hereby
acknowledges receipt of the "Annual Report of Redevelopment Agency Activities for
FY 2004-05" and directs that the report be filed with the Office of the State Controller.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2005

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____

City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward